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TOP ADVISORS 2024

These advisors, at the peak of their powers, are elevating their firms to new heights

Page 15

MAGAZINE | VOL. 28, NO. 2 |

InvestmentNews

2024 CALENDAR OF EVENTS

Take a look at our calendar of events and make sure not to miss out on any!

InvestmentNews
RIA CONNECT
NEW YORK
APRIL 16, 2024 | CONRAD NEW YORK DOWNTOWN

InvestmentNews
women advisor summit
CHICAGO
MAY 23, 2024 | JW MARIOTT CHICAGO

INA
INVESTMENTNEWS AWARDS
24
JUNE 20, 2024 | 583 PARK AVENUE, NEW YORK

InvestmentNews
RETIREMENT INCOME SUMMIT
OCTOBER 2024 | CHICAGO

InvestmentNews
women advisor summit
NEW YORK
NOVEMBER 6, 2024 | TRIBECA 360, NEW YORK

InvestmentNews
WOMEN to WATCH
NOVEMBER 6, 2024 | TRIBECA 360, NEW YORK

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RIA CONNECT
CALIFORNIA
NOVEMBER 2024 | SAN DIEGO

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RIA LABS

VIRTUAL EVENTS

- **RECRUITING, GROWTH, AND DEVELOPMENT** – FEBRUARY 27, 2024
- **CUSTODY ALTERNATIVES** – JUNE 25, 2024
- **PRACTICE VALUATION** – SEPTEMBER 24, 2024
- **DIRECT INDEXING** – DECEMBER 10, 2024

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VIDEOS

SCAN THIS CODE TO HEAR STEVE SOSNICK, CHIEF STRATEGIST AT INTERACTIVE BROKERS, EXPLAIN WHY GEOPOLITICAL WORRIES WON'T TAME BULL MARKET

 Vol. 28, No. 2, January 29, 2024. InvestmentNews (ISSN 1098-1837) is published bi-weekly except the last week of May, first week of July, and first week of September by InvestmentNews LLC., 575 Fifth Avenue, 14th Floor, New York, NY 10017 U.S.
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CHECK IT OUT ONLINE

Editorial

What is the future of advice?

What constitutes a good advisor depends on what the client needs, in the same way a football player's value depends on their ability to perform a role for the team. But as we salute some of the country's best and brightest practitioners in our inaugural Top Advisors (pages 15–21), some trends among clients are becoming more prominent.

In a recent study by Absolute Engagement, in conjunction with the Investments & Wealth Institute, clients said the feeling of financial security, control over financial goals, and confidence in their ability to reach them are their three most important money concerns. As it turns out, these are also the areas where they feel they aren't getting enough help from advisors.

The industry has largely moved on from investment-centric presentations of advice to more human-centric, interactive experiences. In 2024, this is no great proclamation of originality, but it seems advisors aren't yet fully seizing this opportunity.

The survey revealed that 43 percent of clients believe the greatest benefit of working with an advisor is in gaining clarity about the life they want in retirement. Alas, only half the respondents indicate that their advisor is helping them with nonfinancial goals such as health, fulfillment, quality time with family and friends, or travel.

Having a fulfilled life, or a life with meaning, taps into the theory put forward by Brian Portnoy, of Shaping Wealth, of "funded contentment." Essentially, the theory says that being wealthy isn't about stockpiling riches but about working out how your money fits into a meaningful life. An advisor's ability to help a client achieve this is the future of advice.

Of course, this can require difficult conversations, and some people simply prefer investment advice – they've got the "life stuff" covered. However, the ongoing wealth transfer is shifting money, typically, first to mom and then to the kids. They want emotional intelligence, or EQ, not IQ, from their advisors, and they want their money to have meaning.

Alas, only half the respondents indicate that their advisor is helping them with nonfinancial goals such as health, fulfillment, quality time with family and friends, or travel

ELECTION YEAR IS HERE

You're going to have to lock yourself in a log cabin in Wyoming to avoid this year's presidential election, which nominally kicked off with Donald Trump's win in the Iowa Republican primary. The rhetoric and name-calling will dominate headlines over the coming months, but the underlying uncertainty can spark market volatility and destabilize clients.

It's an emotional time in which allegiances are challenged, divisions targeted. The risk is this filters through to a client's financial decision-making.

When asked how the election will affect investment strategy, most professionals roll their eyes. It doesn't, they say. It can affect people's moods, though, especially if this campaign ups the ante on nasty, personal rhetoric, as seems likely.

The S&P 500's performance in election year, on average, is fairly predictable: a choppy Q1 followed by a pickup as voting day nears, then a post-election relief rally when certainty returns.

That's worth remembering when Biden and Trump start firing vitriolic verbal darts from their lecterns.

Comments? Questions? Send your thoughts to james.burton@keymedia.com.

InvestmentNews

InvestmentNews' Special Reports provide an expert-collated resource for the industry when looking for best-in-class partners and the most revered service providers.

The Special Reports also provide an opportunity to honor the top companies and individuals in the industry for their hard work and commitment to innovation. In 2024, *InvestmentNews* will produce a comprehensive portfolio of Special Reports covering a plethora of topics and agendas that are top of mind for professionals and most pertinent to the industry.

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- Fastest-growing RIAs
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- Rising Stars
- Top Advisors
- Top-paying Broker-Dealers
- Top Recruiters
- Top Regional RIAs

If you would like further details on how to be involved, please get in touch via email at **sophia.egho@keymedia.com.**

REAL ESTATE RULES AGAIN

For the third consecutive year, real estate is the No. 1 asset when it comes to distribution of assets in trusts and estates for Americans, according to an Estateably report. Here are the assets on Americans' minds:

71.4%
Real estate

16.1%
Cash

4.0%
Digital and other

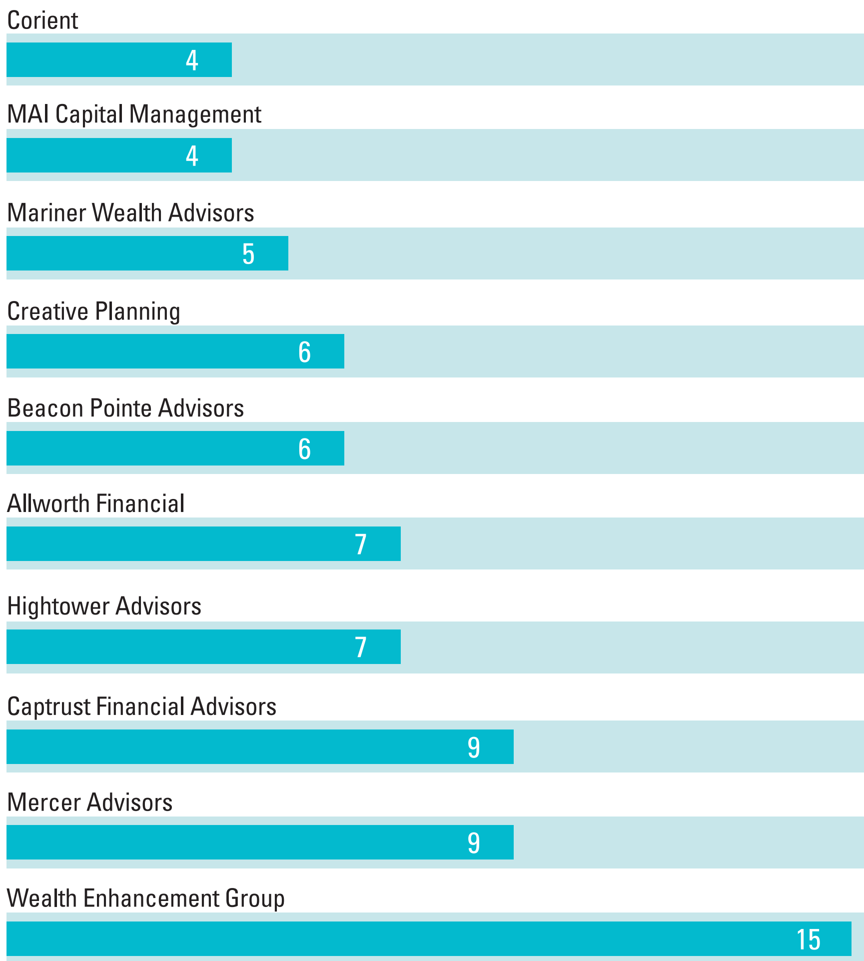
3.0%
Vehicles, income

2.3%
Stakes in private companies

Source: Data Insights from Estateably

RIA M&A ACTIVITY GOING STRONG

The year 2023 closed with a strong 226 transactions and $256 billion in purchased assets, down 1.7 percent and 9.7 percent, respectively, from the prior year, according to Fidelity. Which companies made the most deals?



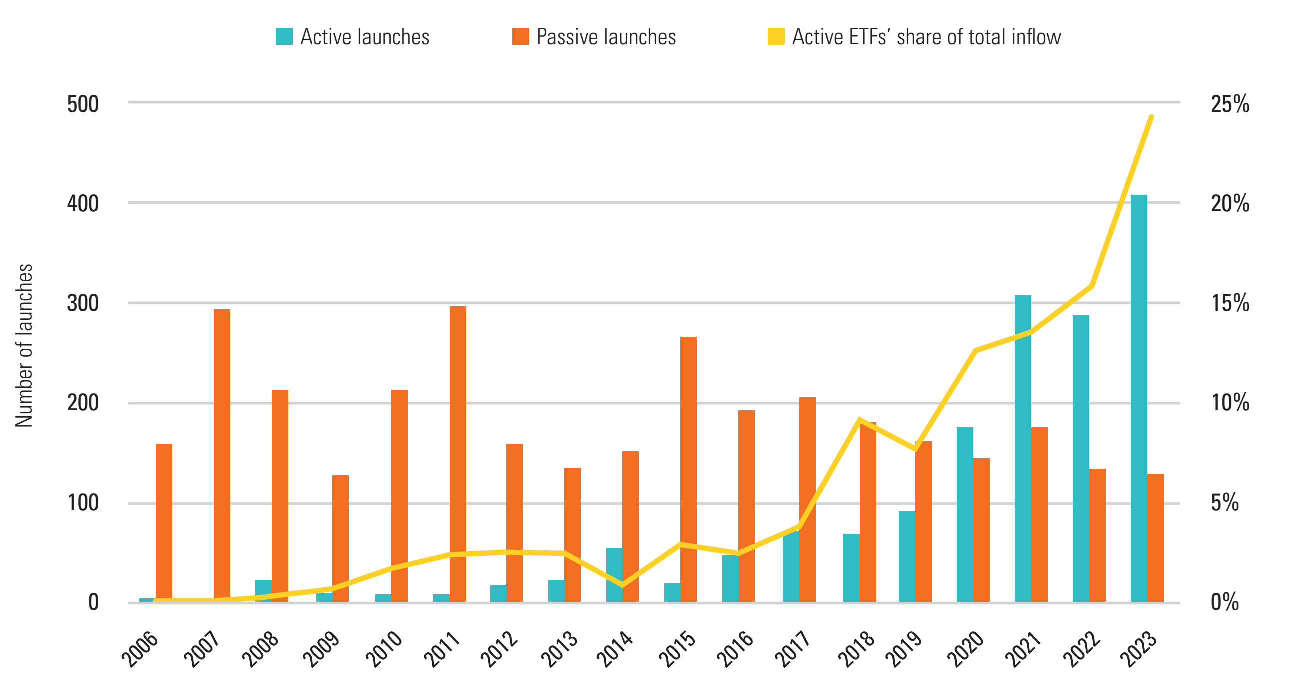
Source: Fidelity Investments

RECORD NUMBER OF 401(K) SETTLEMENTS IN 2023

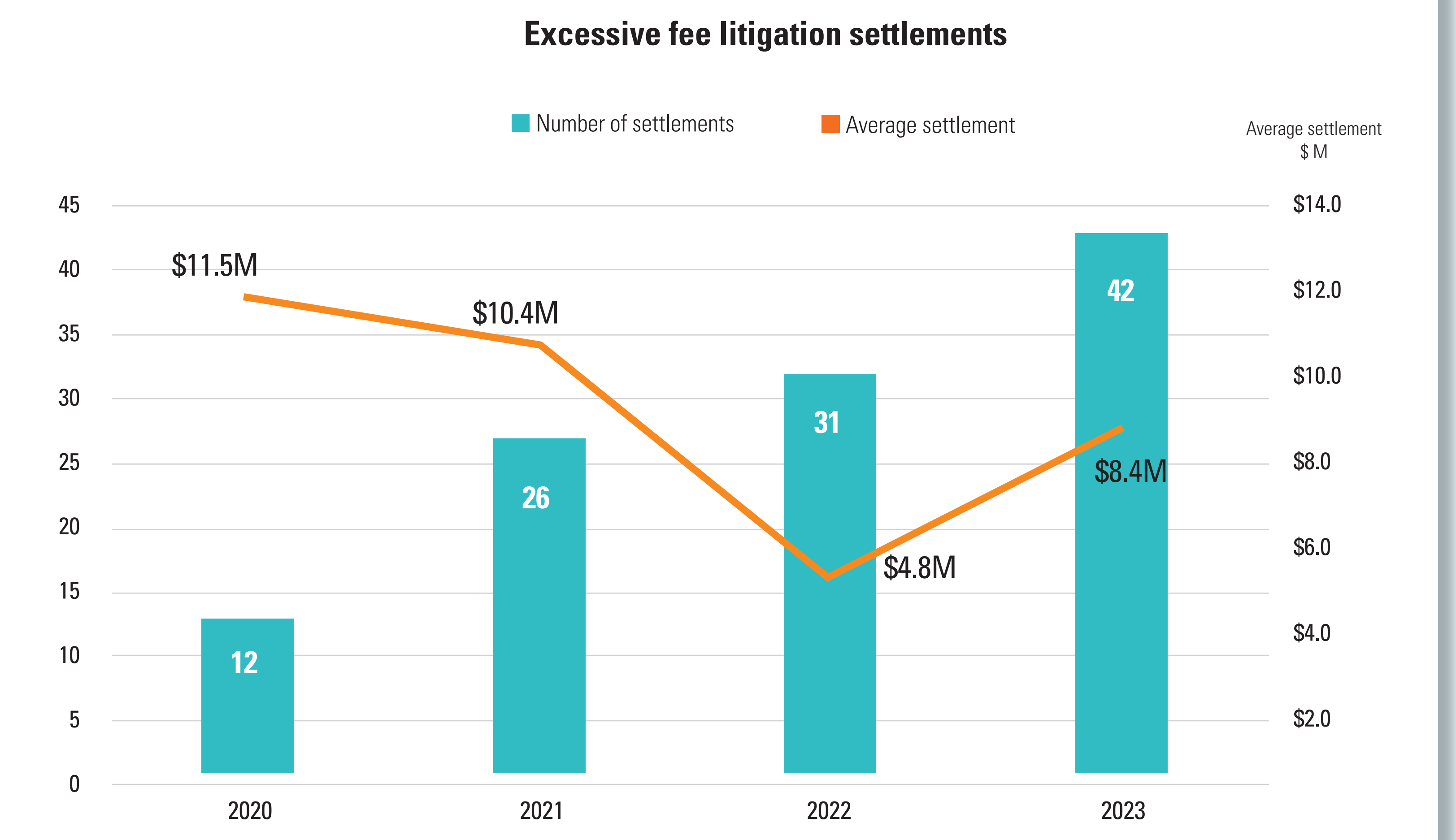
2023 was a year of record settlements in cases alleging 401(k) plans charged excessive fees, with an all-time high of 42 settlements. Since 2020, 111 settlements have been reported, with the number of settlements increasing progressively each year.

RECORD YEAR FOR ETF LAUNCHES

The number of new ETF launches exceeded 500 for the first time in 2023, according to data from the National Bank of Canada, and 75 percent of the new ETF listings were actively managed.



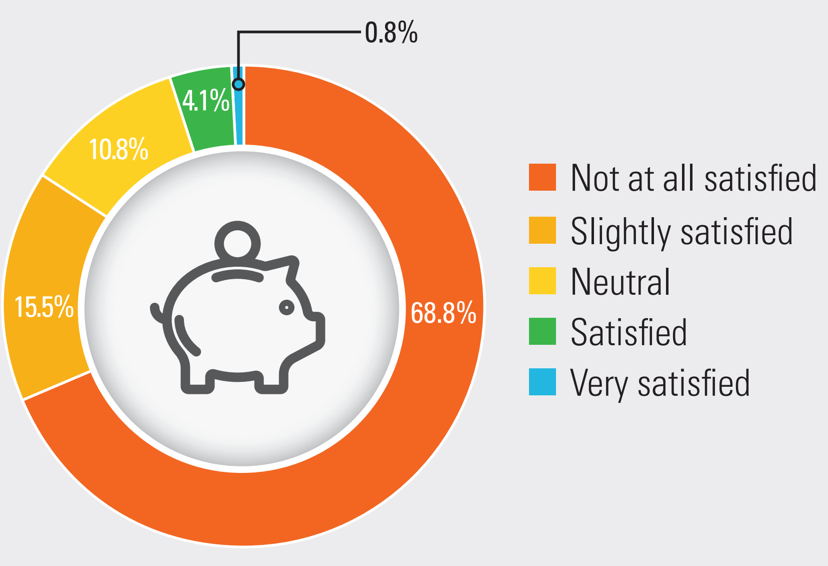
Sources: NBF ETF Research, Bloomberg. Data as of Dec. 31, 2023, National Bank of Canada, Jan. 8, 2024



Source: Euclid Fiduciary, Jan. 8, 2024

TO SAVE OR NOT TO SAVE FOR RETIREMENT?

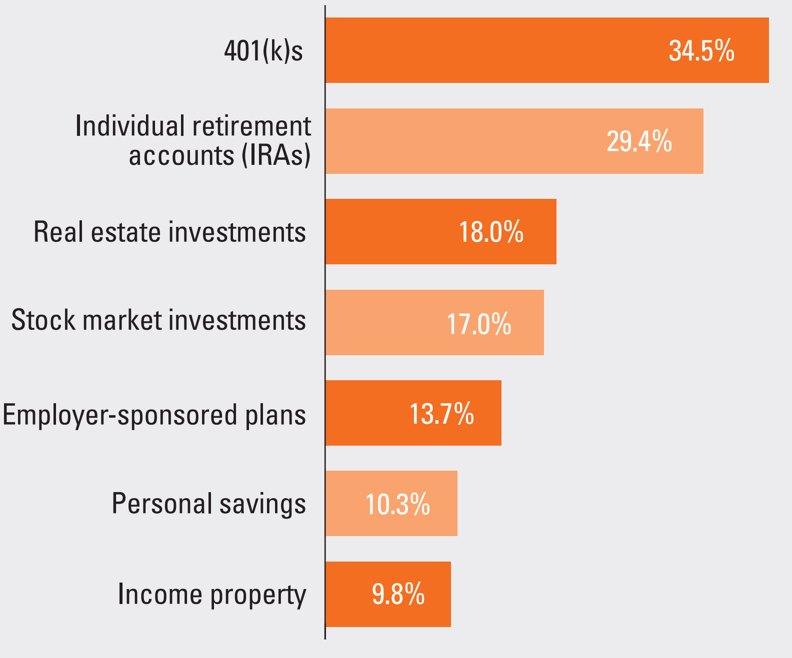
Almost 69 percent of people are not at all satisfied with their retirement savings. While West Virginia comes out on top as the state where Americans are feeling the readiest, people in Alaska, Idaho, and Wyoming all admitted to feeling not at all satisfied.



Source: Forex.com, 2023

HOW ARE PEOPLE FUNDING RETIREMENT SAVINGS?

Real estate and stock market investments are emerging as the most popular sources of retirement savings.



Source: Forex.com, 2023

ANOTHER TROUGH COMING IN 2024 FOR BOOM-AND-BUST NON-TRADED REITs

Non-traded real estate investment trusts face a well-documented set of challenges, including sharply rising interest rates and headlines about half-empty office buildings

BY BRUCE KELLY

2024 looks to be another tough year for sales of non-traded real estate investment trusts, a product that has a history of booms and busts and now appears to be heading for a trough.

Non-traded REITs are public companies but aren't registered on any public exchanges and don't trade. As *InvestmentNews* reported in November, sales of non-traded REITs tanked last year, with the industry raising just $9 billion through September after successive years in which it took in more than $30 billion in new capital. The last few months of 2023 likely saw sales barely budge.

The reasons for the slump in REIT sales last year are well documented. The industry is facing a series of negatives: sharply rising interest rates, headlines about half-empty office buildings, and investors pulling their money from products, most notably the industry's biggest player, the $61 billion Blackstone Real Estate Income Trust.

Meanwhile, more than $2.2 trillion in commercial real estate debt is coming due before 2028, *The Wall Street Journal* reported this month. Much of that will have to be refinanced at higher rates, and some real estate investors could default.

Other concerns for real estate investors include the potentially volatile politics of a presidential election year and questions about whether REITs in general can continue to kick off their distributions, or dividends, to mom-and-pop investors who rely on the products for income.

FALLOUT COMING

Investors are anticipating trouble in real estate loans and fallout for the rest of the market.

"Real estate equity REITs are gonna be in trouble," Howard Lutnick, Cantor Fitzgerald chairman and CEO, said in an interview with Fox Business this month. "A lot of them are gonna get wiped out. I think $700 billion could default.

"There's going to be selling," Lutnick said. "There's a generational change in real estate coming. The end of '24 and all of '25, we will talk about all of real estate being in a massive change, with $700 billion to $1 trillion in defaults coming. I think it's going to be a very, very ugly market owning real estate over the next 18 months to two years."

But Brad Thomas, CEO of Wide Moat Research, sees some reasons for optimism.

> "There's a generational change in real estate coming"
>
> HOWARD LUTNICK, CANTOR FITZGERALD

"The debt maturities are a serious issue, but the large, publicly traded REITs, as opposed to their non-traded counterparts, could benefit because they have investment-grade balance sheets," said Thomas, a long-time analyst of real estate investing. "That means they should be able to buy some high-quality properties because the smaller developers won't be able to hang onto them.

"Real estate financing is hard right now as the banks are being selective, and you can't ignore the significant amount of commercial real estate debt coming due," he added.

MORTGAGES COMING DUE

"What's going to happen over the next couple of years when commercial mortgages come due, and who will pick up the pieces?" asked a senior industry executive, who asked not to be identified. "Where will they get their refinancing, and where will the REITs and real estate investors go to get their leverage?

"Right now, the firms that hold a bunch of those loans are the regional banks," the executive said. "And those smaller banks can't do it, especially after what happened last year. They won't be able to refinance."

As noted above, 2023 was an awful year for sales of non-traded REITs, and this year is shaping up to be no better. It shouldn't come as a surprise as the industry has been plagued by boom-and-bust cycles for the past 20 years.

The pitch for non-traded REITs, past or present, has always been simple: They're a way for clients to diversify their portfolios, invest in commercial real estate, and reap steady yields.

But some REITs had issues that were brought to light in large part by the real estate and credit crisis of 2008 – shutting off redemptions, unclear valuations, high fees, a lack of liquidity, and not generating enough revenue to cover monthly and quarterly distributions. Sales plummeted.

ENTER NICHOLAS SCHORSCH

Jump forward to 2016. The industry had rebounded with the entrance of Nicholas Schorsch and his

“The debt maturities are a serious issue, but the large, publicly traded REITs, as opposed to their non-traded counterparts, could benefit because they have investment-grade balance sheets” BRAD THOMAS, WIDE MOAT RESEARCH

firm, American Realty Capital, but again hit the skids when non-traded REITs faced criticism about excessive commissions amid new industry rules that made fees and pricing more transparent.

Contributing to the sales slowdown was Schorsch, who faced an accounting scandal that would end with his firm’s former chief financial officer being found guilty of federal securities fraud and related charges and, separately, a settlement with the Securities and Exchange Commission entailing $60 million in penalties.

The industry remade itself again, focusing on selling so-called net asset value REITs that made it easier for clients to sell shares back to the company and cash out. Sales soared. But in 2023 investors sought to get out of NAV REITs, with total net sales, which includes redemptions, of almost negative $4 billion, according to industry sources.

That has led some big firms, including Blackstone, to pivot to new alternative investment products other than real estate and REITs, industry executives noted.

In January, Blackstone said a new fund for wealthy clients that focuses on private equity, Blackstone Private Equity Strategies Fund, had raised $1.3 billion, a staggering amount for a new fund.

“We’ve seen this move before,” said the industry executive who asked to speak privately. “REITs are struggling with sales, so the product sponsors look around and say, ‘Private equity is hot right now, so let’s jump into that.’”

bkelly@investmentnews.com

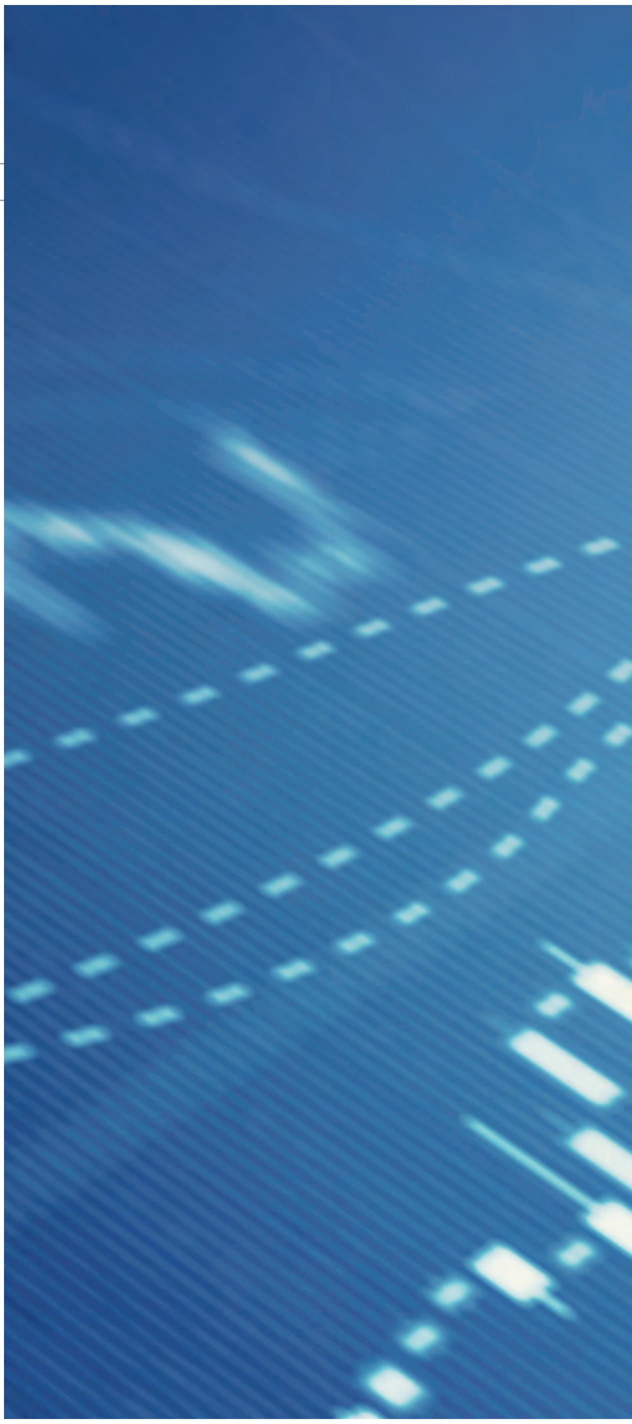
TOP SPONSORS FOR ALTERNATIVE INVESTMENTS

Sales in the first nine months of 2023

($ millions)

Blackstone	$10,594
Blue Owl Capital	$5,220
Cliffwater	$5,189
Kohlberg Kravis Roberts & Co.	$3,160
Ares Management	$2,689

Source: Robert A. Stanger & Co.



WILL REITs CONTINUE TO ROIL INVESTORS IN 2024?

It used to be elevators were the only things that rose and fell so regularly when it came to buildings. Now it's the shares of the companies that own them

BY GREGG GREENBERG

Will 2024 finally be the year when REIT investors can rest their aching necks? After watching their stocks bounce up and down these past few years, the whiplash must be killing them.

The SPDR Dow Jones REIT ETF, which features such real estate investment trust heavyweights as Prologis, Equinix, and Public Storage, offered a hearty total return of 13.8 percent last year. While that represented a welcome turnaround from the 26.1 percent shellacking the exchange-traded trust took in 2022, it was still down 70 percent from the 45.5 percent surge that sucked investors into the sector in 2021, which, of course, followed the 11.3 percent drop in 2020 that came on the heels of the 22.7 percent jump in 2019.

When it comes to buildings, it used to be that elevators were the only things that rose and fell so regularly. Now it's the shares of the companies that own them.

Eric Diton, president of The Wealth Alliance, is bullish on REITs this year, primarily because of the recent pullback in long-term interest rates, combined with an expectation that the Fed will cut short rates multiple times this year. Nevertheless, he does not see all REITs as being equal.

"There are sectors that we try to avoid, and others that we feel are particularly attractive," said Diton. "An overall housing shortage makes multifamily rental housing a logical choice. The continued shift to e-commerce makes industrial properties an exciting investment as the need for more warehouse space grows."

Diton is also a fan of REITs that focus on factory space due to deglobalization trends, and grocery-anchored shopping centers in areas where he sees population growth. He says he allocates anywhere from zero to 10 percent of client assets to REITs, both private and public, depending on their income needs and risk tolerance.

"The continued shift to e-commerce makes industrial properties an exciting investment as the need for more warehouse space grows"

ERIC DITON, THE WEALTH ALLIANCE

Brian Hartmann, partner at Granite Bridge Wealth Management, part of Osaic, agreed that investors should pay close attention to sectors when it comes to REITs, especially with residential real estate souring in many markets, big swings in interest rates, and a subculture of work-from-home employees.

"Someone looking for exposure to commercial real estate may choose to invest in an REIT that holds warehouses or medical offices rather than a multifamily apartment complex," Hartmann said.

Robert Pearl, co-founder and wealth advisor at G&P Financial, is another advisor who chooses to be choosy when it comes to REITs in 2024. In his view, lower rates and an economic soft landing will help subsectors such as luxury retail, self-storage, and industrial. On the negative side, he fears there could be a record number of traditional mall foreclosures this year, while office space is still affected by hybrid work.

"For our clients with an existing REIT position such as the Apollo Diversified Real Estate Fund (GRIFX), we do not intend to add to those positions at this time," Pearl said. "There are other asset classes that we are more excited about than REITs."

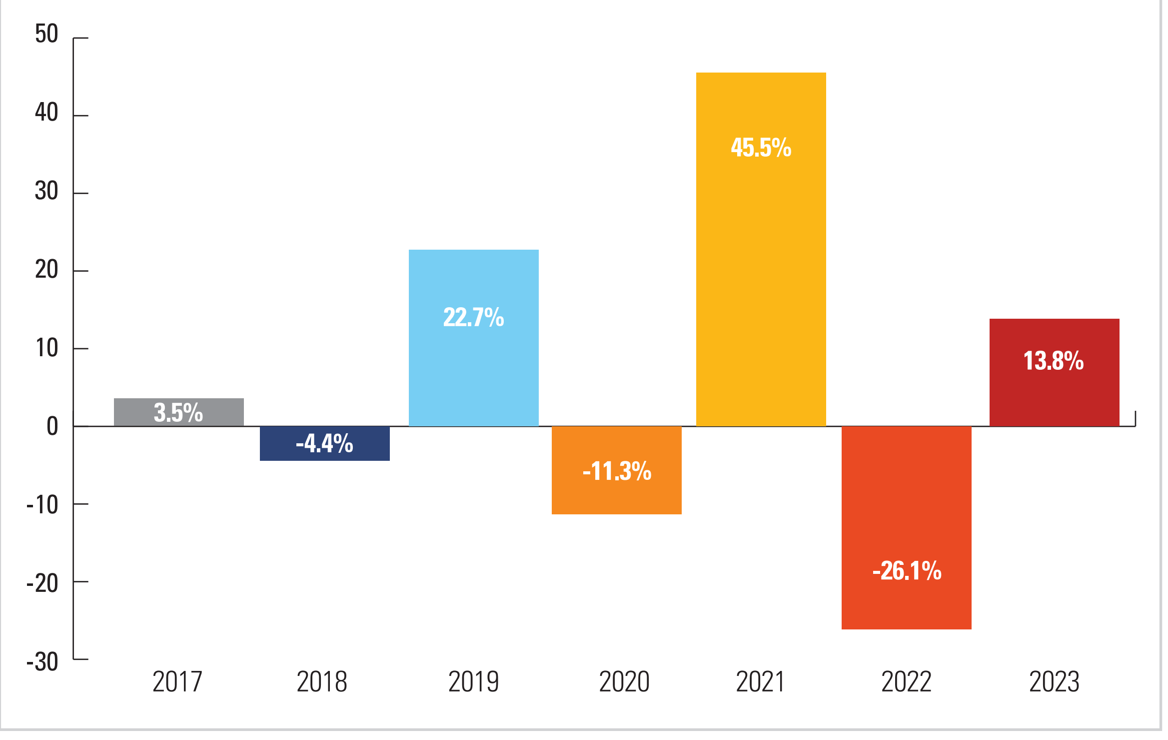
FLYING PRIVATE INSTEAD

Scott Bishop, managing director at Presidio Wealth Partners, says REITs can play an important role in a long-term, well-diversified portfolio. In his view, real estate serves as a good long-term hedge against inflation, as in rising rents, and historically has provided solid returns compared with a portfolio made up solely of stocks and bonds.

That said, Bishop believes not all REITs are equal. Many have legacy issues because the properties were acquired when prices were higher, such as office REITs. Or they may face financing issues because of the step-up in interest rates in the past few years. As a result, Bishop is worried that those issues will weigh on REIT performance going forward.

"Rather than REITs bought and sold on public exchanges, I tend to favor privately held real estate that offers investors the same exposure to real estate without some of the volatility and legacy risks that can come with funds traded on public markets. Typically, most of the real estate deals we look at are

ANNUAL RETURN ON THE SPDR DOW JONES REIT ETF



new-issue deals in a limited partner format," he said.

Matt Chancey, certified financial planner with Micel Financial, also prefers private real estate deals to publicly traded REITs, especially for high-net-worth investors who can afford to go private. He sees REITs as expensive compared with other equity products, and often more volatile because of their interest-rate sensitivity.

"The next two years, 2024 and 2025, will have more commercial real estate debt due to be refinanced in the history of CRE, that will cause some assets to be lost as values have decreased as interest rates have gone up," Chancey said. "We are already seeing some defaults where big public REITs are giving back assets to the bank. That won't be good for those retail REIT investors."

That may turn out to be true. But Steven Rodriguez, portfolio manager at American Century Investments, said REIT investors will have a very powerful force on their side in the Federal Reserve and its recent policy

"As we saw in late 2023, historically, when interest rates peak, listed property has strong relative and absolute performance in the following 12 months," Rodriguez said. "2024 shouldn't be any different as inflation trends continue to moderate, putting downward pressure on rates and providing a strong investment tailwind for publicly traded real estate."

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CRITICS OF DOL FIDUCIARY PROPOSAL WORK TO GENERATE DEMOCRATIC OPPOSITION

'When you have both sides come together and support something – or in this case oppose something – we can put forth better policies for retirement savers,' says a financial industry lobbyist

BY MARK SCHOEFF JR.

It was clear in a recent congressional hearing that Rep. David Scott, D-Ga., wants more of his Democratic colleagues to join him in opposing a Department of Labor investment advice proposal that has generated fierce resistance from the financial industry.

During a January 10 House Financial Services subcommittee meeting on the proposal, Scott noted that he and Rep. French Hill, R-Ark., recently wrote a letter to the DOL urging the agency to withdraw the proposal. It was signed by 50 lawmakers, including five Democrats.

Scott said a 2015 letter to the DOL expressing concerns about a previous iteration of the proposal drew 93 Democratic signatures, including that of Rep. Brad Sherman, D-Calif., the ranking member of the subcommittee.

Sherman appears to be more sympathetic to the latest version of the proposal, which would impose the fiduciary standard of federal retirement law on most investment advisors, brokers, and insurance agents making recommendations to retirement plans and plan participants and customers in individual retirement accounts. A federal appeals court vacated a similar regulation in 2018.

The DOL asserts tougher rules are needed to protect investors from advisor conflicts of interest that lead to "junk fees." Financial industry critics say a fiduciary-only proposal would significantly increase advisors' regulatory costs and legal exposure, making advice more expensive and hurting investors with modest assets.

Sherman said he comes down the middle. He outlined ways the proposal could be improved but said some kind of regulation is needed. He does not want the agency to abandon the proposal as Scott, a handful of other Democrats, and dozens of Republicans are demanding.

GETTING MORE DEMOCRATS ON BOARD

For opponents of the rule, getting more Democrats on board is key to applying pressure to the DOL. President Biden introduced the measure at a White House event in late October, signifying that it's an administration priority. Industry trade associations are making the rounds on Capitol Hill talking to lawmakers and their aides about what they say are the negative effects of the proposal.

"We are educating as many people as we can on both sides of the aisle so that they understand the potential impact on low- and moderate-income

retirement savers," said Lisa Bleier, managing director at the Securities Industry and Financial Markets Association. "We anticipate that there are other members of Congress who are working on letters."

If it's just Republicans resisting a regulation, it's easier for the DOL to brush off criticism. Just as strong bipartisan backing can propel retirement policy, such as the SECURE 1.0 and 2.0 bills, widespread bipartisan opposition can slow or stop it.

"When you have both sides come together and support something – or in this case oppose something – we can put forth better policies for retirement savers," said Diane Boyle, senior vice president of government relations at the National Association of Insurance and Financial Advisors.

It's a tall order to get Democrats to turn on a Democratic White House in an election year. Micah Hauptman, director of investor protection at the Consumer Federation of America, noted that only five House Democrats signed the Scott-Hill letter and eight Senate Democrats signed a letter asking DOL to extend the proposal's public comment period.

"That's hardly a groundswell," Hauptman said. "It looks like Democrats are sticking with the administration. Ultimately, we're confident they'll agree that workers and retirees they represent deserve advice in their best interests."

But opponents of the rule say they're breaking through to legislators with the assertion that the proposal will constrict the availability of financial advice.

"That is something that is really resonating as we have conversations with different [congressional] members," Boyle said.

Dale Brown, CEO of the Financial Services Institute, said Republicans and Democrats are listening to the argument that some clients and customers could be priced out of the advice market.

"Support for access to advice for everyone is bipartisan," Brown said.

TARGETING FUNDING

One of the most powerful ways for Congress to stop a regulation is by cutting off funding for an agency to implement it. In meetings with lawmakers, Finseca, a financial industry trade association, is promoting a so-called rider on an upcoming appropriations bill that would prevent DOL from implementing a final fiduciary rule.

"There is an openness and receptivity," said Finseca CEO Marc Cadin. "We have to continue to work the process."

As Congress struggles to agree on full-year funding bills, Democratic leaders have said they oppose attaching poison pills like one to hamstring DOL.

"I'm confident President Biden would veto an appropriations bill that includes that type of rider," Hauptman said.

It's not clear when DOL will release a final fiduciary rule. In the meantime, opponents are looking to add Democrats to their ranks. One industry lobbyist said only one Democrat came out in strong support of the proposal at the January 10 hearing. Others who supported it did so with some reservations. He said this was progress for his side.

"There's Democratic discontent bubbling up about this rule," said the lobbyist, who asked not to be identified. "Even though it's a small number now, you're going to see it grow."

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"We are educating as many people as we can on both sides of the aisle so that they understand the potential impact on low- and moderate-income retirement savers"

LISA BLEIER, SECURITIES INDUSTRY AND FINANCIAL MARKETS ASSOCIATION

CAMPAIGN SPENDING, POWER OF PERSUASION

Making campaign contributions to lawmakers is an integral part of lobbying. But there's not always a direct relationship between donations and policy positions. For instance, financial industry trade associations almost always contribute to Republicans and Democrats on key committees, ensuring that some of their funds go to lawmakers who oppose some of their priorities. A donation may open a door to a meeting but not be the decisive variable on a vote. "I don't think it's the only component in decision-making," said Diane Boyle, senior vice president of government relations at the National Association of Insurance and Financial Advisors.

CAMPAIGN CONTRIBUTIONS BY INDUSTRY TRADE GROUPS

National Association of Insurance and Financial Advisors	$611,000
American Council of Life Insurers	$488,000
Securities Industry and Financial Markets Association	$210,500
Finseca	$206,500
American Retirement Association	$141,000
Financial Services Institute	$132,500
Insured Retirement Institute	$65,000

Source: Federal Election Commission. Totals reflect contributions so far in the 2024 election cycle, according to the groups' latest filings.

WHY PE CAN'T GET ENOUGH RIAs

The relatively young market and its reliable, asset-based fees are very attractive to investors

BY EMILE HALLEZ

It's no secret that private equity firms see a lot of value in wealth management – the volume of deals has been increasing, and the percentage of cash behind them increasingly comes from PE.

Last year, there were 178 PE-backed RIA deals, up from 171 in 2022 and just 61 in 2020, according to a report by Fidelity. Those accounted for 78 percent, 75 percent, and 47 percent of total M&A for those years, respectively.

Despite its intense interest in the market, private equity does not appear to be changing the wealth management business much – aside from the considerable aggregation that it's funding. That's a reflection of the value that PE firms see in RIAs and independent broker-dealers – they tend to buy financially strong, well-managed businesses, rather than look for a distressed asset to fix and flip.

"It's been a pretty symbiotic relationship," said Larry Roth, managing partner at RLR Strategic Partners. PE firms "are spending probably most of their time providing capital and helping the wealth management teams and managers identify potential acquisitions."

IF IT'S NOT BROKEN

Asset-based fees are extremely attractive to PE investors. The RIA acquisitions have been considered very low risk amid strong equity markets and the fact that advisors and their firms have seen virtually no competitive pressures to lower the fees they charge clients.

"The fees that financial advisors and RIAs charge clients have not been compressing at all," Roth said, adding that that's been the case in the more than 10 years since PE started taking a strong interest in wealth management.

The demographic aspect of the business is also a big draw, as younger households are accumulating wealth and increasingly seek professional management – the market keeps growing, he noted.

The fact that the industry has been doing well has meant that PE firms "are very reluctant to set strategy or work closely with you in terms of how to run the business, because it's not their specialty," Roth said.

> **"PE firms know right now that valuations and multiples aren't yet going down. They're still holding strong"**
> LAURA DELANEY, FIDELITY INVESTMENTS

PE investors have their exits planned anywhere from three to seven years after acquisitions, and they tend to target returns of three to five times what they invested over five years, he said.

Last year, all the top 20 strategic acquirers, those that did three or more deals during the year, were backed by PE, according to Fidelity. Among the 41 companies it identified as strategic acquirers, 38, or 93 percent of them, were backed by PE. And of the 96 companies that made any acquisitions at all, 60 percent were PE-backed.

"PE firms are asking the owners of RIA firms, 'What are your specific goals? What are you looking to accomplish?'" said Laura Delaney, vice president of practice management and consulting at Fidelity Investments.

RIAs have welcomed the investments in part

because having PE backing gives a governance boost to the acquisitions they can make, she noted. "I don't see the interest waning anytime soon. The RIA market is still very fragmented and still growing."

Compared with other industries – accounting, insurance, or even airlines – the wealth management area is young, in an early stage of the consolidation curve.

"PE firms know right now that valuations and multiples aren't yet going down. They're still holding strong," Delaney said.

Eventually, that will change.

"Some of the largest firms will start merging with one another," leaving three to five major competitors in the market, Roth said. As the market matures, big firms can acquire other big ones, be sold, find a massive PE investor, or do an initial public offering, he said.

"All along the way, the quality of service for the advisor and end clients is improving because [PE firms are] investing a lot of money in technology and services"

LARRY ROTH, RLR STRATEGIC PARTNERS

RE-UPPING THE INVESTMENT

As the appetite for dealmaking has continued, along with the competitive pressure for deals, the average size of acquisitions has declined. Five years ago, for example, acquisitions targeted firms with $5 billion in assets or more, but that has since gone down to less than $1 billion, Roth said.

A consequence of the recent wave of acquisitions is that the RIA or broker-dealer buyers face a lot of work afterward in integrating the smaller firms they took on. Companies like Hightower, Osaic, Cetera, and Focus Financial Partners have been on buying streaks that have consolidated the industry.

In Cetera's case, its PE owner Genstar recently made a reinvestment in the firm, rather than cash out.

That is one example of the initial investment being a "bigger opportunity than they expected," Roth said. "The firms [and] the investors have had the opportunity to do more acquisitions than they anticipated when they bought these firms."

The trajectory of PE investments in the wealth management business "looks like a classic PE rollup and scale-up model," said Paul Nary, assistant professor of management at the Wharton School at the

University of Pennsylvania. While PE firms focus on returns on investment and value, their approach to getting returns in the RIA space appears less focused on improving struggling businesses and more about packaging up a lot of small entities that can be sold later at multiple, he noted.

"The important part is whether PE is the right owner or even partner for these firms," Nary said.

For example, firms that sell when they are distressed or mismanaged can be undervalued and sell too low, he said.

STEADY FEES

Even though asset-based fees charged by advisors haven't changed much, clients have benefited through lower investment costs, as portfolios are increasingly built with ETFs rather than mutual funds, for example, Roth said. That has made the overall cost of their wealth management services go down, and it's part of why there hasn't been pressure for advisors to lower their fees, he said.

"All along the way, the quality of service for the advisor and end clients is improving because [PE firms are] investing a lot of money in technology and services," Roth said. "The clients themselves are seeing more value for less money, and it's not coming out of the pocket of the financial advisor."

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TOP RIA DEALS ANNOUNCED IN 2023

ACQUIRER	SELLER	SELLER AUM ($ B)
Aon	NFP Advisor Services	$75.0
Pathstone	Veritable	$17.0
First Citizens Bank	SVB Wealth	$15.9
Creative Planning	Goldman Sachs Personal Financial Management	$13.2
Curi RMB	RMB Capital	$9.6
CI Financial	Avalon Advisors	$8.4
Choreo	BDO USA	$8.1
RWA Wealth Partners	Ropes Wealth Advisors	$6.5
Captrust	Monroe Vos Consulting	$5.8

Source: Fidelity Quarterly M&A Review

InvestmentNews
THE TRUSTED RESOURCE FOR FINANCIAL ADVISORS

SPECIAL REPORT

Top ADVISORS

Elevating their firms to new heights, 2024's Top Advisors are at the peak of their powers, boosting AUM levels and attracting greater numbers of clients

CONTENTS PAGE

LEADING FROM THE FRONT

In a divergent financial landscape, the Top Advisors of 2024 have emerged as dynamic performers, providing clients with trusted advice, innovative investment options, and value-added services.

"Having that commitment of being brilliant at the basics and continuing to earn client trust every day is what separates a good advisor from a great advisor," says winner David Pickler, president and CEO at Pickler Wealth Advisors.

Fellow winner Ann Covington, founder of CovingtonAlsina, adds, "It's about guidance and being there for your client's entire financial life. I think the advisors who are doing that are the ones seeing a lot of success."

The winning cohort set themselves apart through their commitment to:

- transparency
- communication
- education
- personalization

Key metrics used to determine the top performers were overall AUM, percentage changes in AUM, and number of clients between 2022 and 2023.

MATT BARBER – SIGNATUREFD

AUM increase: 47 percent
Client increase: 9 percent
Overall rank: 7

The youngest-ever president of Georgia's Financial Planning Association chapter, Barber has long been an advocate of financial education.

A partner at SignatureFD, located in Atlanta, Barber ensures advisors specialize in career-based market segments, allowing clients to obtain personalized advice.

"The clients I work with are small business owners and entrepreneurs whose needs are different than a corporate executive, or somebody that's younger and starting to save. While 60 percent of what we do for clients is applicable across the board, 40 percent is mostly applicable to the certain segments that we work with."

SignatureFD's client communities include:

WINNERS' AVERAGE FIGURES IN 2023

$792 million
Average AUM

270
Average number of clients

22%
Average AUM growth

11%
Average client numbers' growth

"I am passionate about my clients and making sure their futures are secure. I am passionate about my business and making sure we are providing the highest level of quality and service"

CHARLES ZHANG, ZHANG FINANCIAL

- executives
- entrepreneurs
- professional athletes
- health professionals
- legal professionals
- veterinarians

"If somebody that works mostly with executives is trying to talk to an entrepreneur, they're not going to know the questions to ask around ownership structure and growth," says Barber.

This specialization leads to a better client experience, which has positive knock-on effects. Over the last several years, the firm's retention rate has remained steady at 97 percent, with an impressive AUM of $7 billion.

No matter which market segment a client falls into, for Barber, being a leading financial advisor requires a strong listening ear.

"What makes a good advisor is being able to peel the onion back and ask good questions to get to the root of the issue. You don't need to prove to your clients how smart you are. You need to be able to relate to them and let them know that you're on the same side of the table as them and looking out for their best interest."

CHARLES ZHANG – ZHANG FINANCIAL

AUM increase: 15 percent
Client increase: 12 percent
Overall rank: 4

Establishing his practice in 1991, the Michigan-based advisor has maintained a steadfast dedication to providing transparency.

For Zhang, a key part of this involves his fee-only approach. Not bound by the constraints of proprietary products, revenue sharing, or commissions, he offers clients the best the market has to offer.

"Our fee-only approach allows us to act as a true fiduciary for our clients. We are free from conflicts of interest and take care of our clients, which makes them our main marketing source. Most of our new business comes from current client referrals."

Ranked as America's No. 1 independent financial advisor by *Barron's* in 2023, Zhang's other accolades include:

- *Forbes* magazine's No. 1 advisor in Michigan for 2023
- *Barron's* No. 1 advisor in Michigan for the past 11 years

"My approach is one of transparency, objective evidence-based investment research, and competitive pricing. My philosophy is aimed at providing the highest probability of success for my clients," he explains.

In remaining loyal to his customers, Zhang has seen unprecedented business growth and even recorded a 99 percent satisfaction rating.

DAVID PICKLER – PICKLER WEALTH ADVISORS

AUM increase: 27 percent
Client increase: 9 percent
Overall rank: 18

Twice named among the top 1,000 financial advisors in the US, the Tennessee-based wealth advisor is a communications expert.

"We develop action steps for all our clients – that's where a lot of firms stop, but that's where we get started. We have a very disciplined process of ongoing monitoring and review. We're meeting with clients two, three, or four times a year," says the CEO.

Pickler's robust communications include weekly output:

- BullCast: A podcast breaking personal finance into bite-sized topics
- BullTalk: A market call and client Q+A delivering a look into recent economic trends and market conditions

"When COVID hit, we realized there was a fear of uncertainty. So, we changed our quarterly call to a weekly call. I've been doing it every Thursday afternoon for four years. Giving clients the ability to call in and ask questions gives them that peace of mind."

When things are going well in the market, Pickler realizes clients might need him less, but that doesn't mean his communication becomes less frequent. He also places value on delivering engaging content.

With podcast episodes analyzing the economic impact of Taylor Swift's "Eras Tour" and deep dives into wealth management through the lens of popular TV shows like *Succession*, Pickler masterfully aligns his brand with popular culture.

Listed as one of the fastest-growing private companies in America over the past five years, Pickler's firm is thriving.

"We always tell people, we're not Wall Street, we're Main Street. We're mom-and-pop America. We build relationships with our clients that are deep and rich. That's why for 30 years, 100 percent of our business has really been driven by referrals."

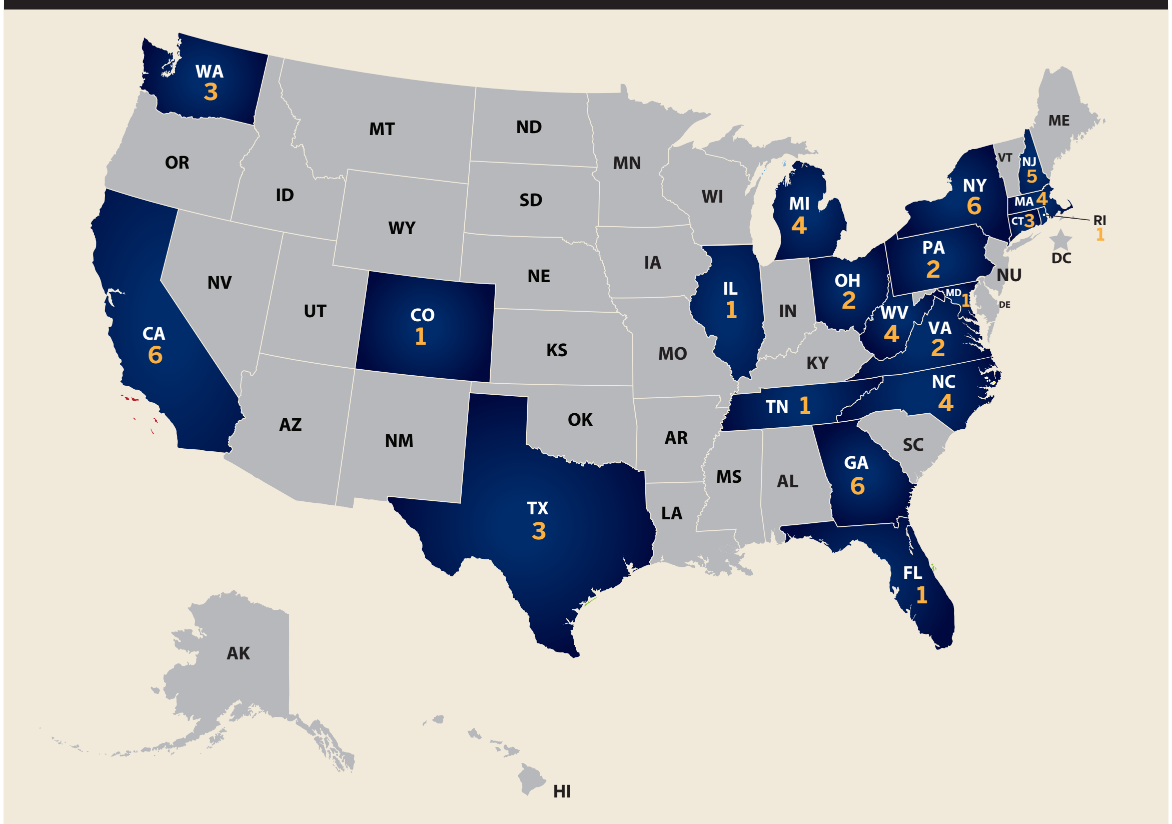
"The essence of our unique value proposition is being present, significant, and relevant in our clients' lives. Each client has different needs. Our job is to know each client so well that we are viewed as indispensable" DAVID PICKLER, PICKLER WEALTH ADVISORS

METHODOLOGY

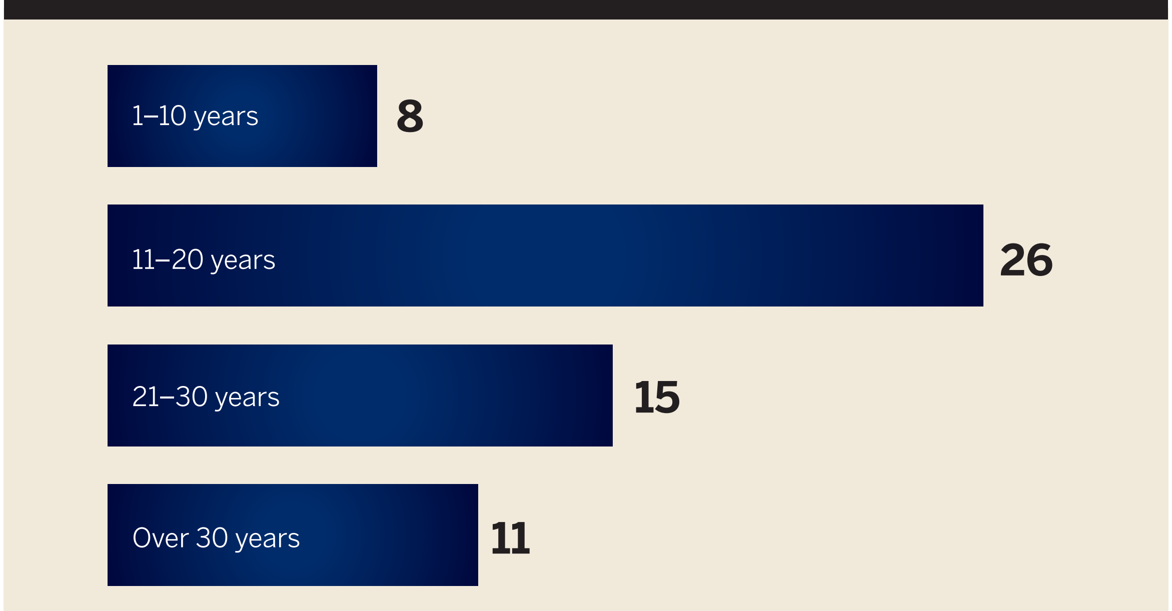
To compile the inaugural Top Advisors list, *InvestmentNews* first solicited nominations from advisors, industry professionals, and clients. Only advisors nominated were eligible for the list. All information on the nominees had to be verified by the compliance team before it could be accepted.

The final list was determined based on each advisor's weighted ranking in overall AUM, AUM growth, and client growth (both between September 2022 and September 2023). The *InvestmentNews* team then tabulated a ranking for each advisor in each category and combined those scores to determine the advisor's final ranking on the 2024 Top Advisors list.

WINNERS BY STATE



WINNERS BY NUMBER OF YEARS IN THE INDUSTRY



"What's important to you and your family? Do we have everything looked at? That planning mentality is what we do"

ANN COVINGTON, COVINGTONALSINA

"Usually when clients come to us, it is because they have a problem to solve or are worried about something. Our goal is to solve the true underlying problem and help them find confidence in their financial plan"

MATT BARBER, SIGNATUREFD

ANN COVINGTON – COVINGTONALSINA

AUM increase: 50 percent
Client increase: 21 percent
Overall rank: 41

Established in 2012 and dedicated to providing successful women with financial guidance, the Annapolis firm was built on a foundation of approachability and education.

"Traditionally, women have deferred finances. They may pay the bills, but investments have typically fallen to men," says founder Covington. "It's shifting as more women start to take the lead, but some women tend to beat themselves up for not knowing more."

As part of her efforts to create products aimed at women, Covington offers:

- Women, Wine, and Wisdom: monthly client-focused webinars providing information on topics ranging from Roth IRAs to the S&P 500
- Monday Money Report: a weekly podcast and blog on recent market occurrences
- PursePower: a coaching package to promote financial literacy with educational events, financial coaching emails, and monthly coaching calls to help clients stay on top of their financial goals

"When I work with female clients, I tell them, 'Knowing what I know is a full-time job.' I make sure they know that they don't have to know everything when they come in to see us. Our job is to educate them and teach them."

Accordingly, while maintaining a 99 percent client retention rate, the firm has received the University of Florida's Gator100 award for two years running, recognizing the world's fastest-growing businesses owned or led by alumni.

TOP ADVISORS 2024

Rank	Name	Practice Name	Firm Name	Years as Financial Advisor	Location	AUM Growth	Client Growth
1	**Jessica Fitzgerald** **Phone:** jessica.fitzgerald@MSGraystone.com **Email:** 248 218 8260 **Website:** graystone.morganstanley.com/graystone-consulting-great-lakes-michigan	Great Lakes Michigan Group	Graystone Consulting from Morgan Stanley	20	MI	39%	7%
2	**Joshua Ulmer**	Graystone Consulting Pacific Mountain	Morgan Stanley	20	WA	18%	3%
3	**Stephan Quinn Cassaday**	Cassaday & Company	Cassaday & Company	46	VA	24%	11%
4	**Charles C. Zhang, CFP** **Phone:** 269 385 5888 **Email:** charles.zhang@zhangfinancial.com **Website:** zhangfinancial.com	Zhang Financial	Zhang Financial	32	MI	15%	12%
5	**Carl J. Zuckerberg**	RZH Advisors LLC	RZH Advisors LLC	32	CT	23%	12%
6	**Lawrence Glazer** **Phone:** 617 259 1767 **Email:** lawrence.glazer@mayfloweradvisors.com **Website:** mayfloweradvisors.com	Mayflower Advisors	Mayflower Advisors	24	MA	15%	15%
7	**Matt Barber** **Phone:** 770 595 3405 **Email:** matt.barber@signaturefd.com **Website:** signaturefd.com	SignatureFD	SignatureFD	15	GA	47%	9%
8	**Scott Tiras**	Tiras Wealth Management	Ameriprise Financial Services	35	TX	15%	11%
9	**David Miller**	Auctus Advisors	Auctus Advisors	20	NC	100%	25%
10	**Alex Shahidi**	Evoke Advisors	Evoke Advisors	24	CA	1%	-6%
11	**Carolyn Taylor**	Weatherly Asset Management	Weatherly Asset Management	41	CA	16%	-1%
12	**Garrett Taylor**	Coastline Wealth Management	Coastline Wealth Management	25	NY	0%	0%
13	**Kenneth Paul Schapiro**	Condor Capital Wealth Management	Condor Capital Wealth Management	35	NJ	8%	2%
14	**Michael Miller**	Wellesley Asset Management	Wellesley Asset Management	22	MA	0%	0%
15	**Jerry John Davidse III**	Presilium Private Wealth	Presilium Private Wealth	22	PA	33%	14%
16	**Brian K Liable**	Landmark Wealth Management	Landmark Wealth Management	25	NY	27%	20%
17	**Timothy Patrick McGrath**	Riverpoint Wealth Management	Riverpoint Wealth Management	35	IL	19%	3%

TOP ADVISORS 2024

Rank	Name	Practice Name	Firm Name	Years as Financial Advisor	Location	AUM Growth	Client Growth
18	**David Anthony Pickler** **Phone:** 901 316 0160 **Email:** dpickler@picklerwealthadvisors.com **Website:** picklerwealthadvisors.com	Pickler Wealth Advisors	Pickler Wealth Advisors	39	TN	27%	9%
19	**Douglas William Liptak**	SignatureFD	SignatureFD	28	GA	37%	3%
20	**Justin Prescott Harris**	Cassaday & Company, Inc.	Cassaday & Company	25	VA	15%	5%
21	**Darrell Ray Pennington**	Pennington Wealth Management	Ameriprise Financial Services	27	TX	8%	0%
22	**Michael Joyce**	Agili, Your Personal CFO	Agili PC	41	VA	9%	6%
23	**Darnel Bentz** **Phone:** 310 284 5545 **Email:** dbentz@kayne.com **Website:** kayne.com	Kayne Anderson Rudnick Wealth Advisors	Kayne Anderson Rudnick Investment Management LLC	23	CA	15%	5%
24	**Russel Bennett Cearley**	SignatureFD	SignatureFD	13	NC	32%	3%
25	**Nicholas Alexander Harris**	Cassaday & Company	Cassaday & Company	17	VA	17%	3%
26	**David S. Price, CFPA**	Navis Wealth Advisors	Navis Wealth Advisors	20	NY	32%	24%
27	**Christopher James Fundora**	Traphagen CPAs & Wealth Advisors	Traphagen CPAs & Wealth Advisors	11	NJ	79%	19%
28	**Melissa Sotudeh**	Managing Director	Halpern Financial	17	VA	29%	5%
29	**Ryan Rayburn**	Strategic Wealth Partners	Strategic Wealth Partners	23	TX	0%	19%
30	**Christopher G. Stappas**	Christopher Stappas	Summit Financial	31	NJ	20%	12%
31	**Jason Bowens**	The BBRK Wealth Management Group @ Merrill Lynch	Merrill Lynch	13	MI	1%	8%
32	**Peter V. Disch** **Phone:** 617 585 0050 **Email:** pdisch@greatpointwealth.com **Website:** greatpointwealth.com	Great Point Wealth Advisors	Great Point Wealth Advisors	21	MA	0%	2%
33	**James Yost**	SignatureFD	SignatureFD	11	GA	67%	22%
34	**Gregory Guenther**	GRANTvest Financial Group	GRANTvest Financial Group	17	NJ	48%	30%
35	**Joel Mittelman**	Mittelman Wealth Management	Mittelman Wealth Management	23	MA	55%	120%
36	**Alex Karkeek**	Cassaday & Company	Cassaday & Company	13	VA	27%	17%
37	**Timothy J. Ralph**	Merit Financial Advisors	Merit Financial Advisors	14	FL	0%	0%
38	**Emily Boothroyd**	Merit Financial Advisors	Merit Financial Advisors	15	CT	18%	10%
39	**Leah Maybry**	SignatureFD	SignatureFD	8	NC	73%	29%

TOP ADVISORS 2024

Rank	Name	Practice Name	Firm Name	Years as Financial Advisor	Location	AUM Growth	Client Growth
40	**Colin Sturgis**	SignatureFD	SignatureFD	18	GA	26%	13%
41	**Ann M. Covington** **Phone:** 410 457 7165 **Email:** ann@covingtonalsina.com **Website:** covingtonalsina.com	CovingtonAlsina	CovingtonAlsina	20	MD	50%	21%
42	**Paul Etra**	Bridge Benefits Group	IHT Wealth Management	20	NY	13%	10%
43	**Chris Giovinazzo**	Accelerate Retirement	Accelerate Retirement	6	CA	5%	4%
44	**Evan Schmidt**	Schmidt Financial Group	Schmidt Financial Group	13	WA	11%	14%
45	**Sam Huszczo**	SGH Wealth Management	SGH Wealth Management	20	MI	0%	0%
46	**Syed Nishat**	Wall Street Alliance Group	Wall Street Alliance Group	17	NY	-32%	-48%
47	**Dave Alison, CFPA, EA, BPC**	Alison Wealth Management	Alison Wealth Management	16	CA	43%	21%
48	**Bryan Bibbo** **Phone:** 440 934 9181 **Email:** bryan@jlsmithgroup.com **Website:** jlsmithgroup.com	JL Smith	JL Smith	10	OH	28%	9%
49	**Benjamin Foor**	Frazier Financial Advisors	Frazier Financial Advisors	10	OH	30%	11%
50	**John Fitzgerald**	Fitzgerald Financial Group	Commonwealth Financial Network	14	NJ	30%	12%
51	**Jaimee Carnes**	ElderAdo Financial	ElderAdo Financial	8	CO	20%	5%
52	**Jay Loyd**	SignatureFD	SignatureFD	12	GA	10%	7%
53	**Sandra Field**	Asset Planning	Asset Planning	37	CA	13%	7%
54	**Lisa M. Rossi, CFP**	Symmetry Wealth Advisory Group	Symmetry Wealth Advisory Group	30	NY	0%	0%
55	**Evan Carter**	SignatureFD	SignatureFD	8	GA	22%	32%
56	**Christopher Amon**	Amon & Associates	Amon & Associates	17	CT	-20%	6%
57	**John Thacker**	SignatureFD	SignatureFD	13	NC	20%	8%
58	**Dominic Hubert**	Schmidt Financial Group	Schmidt Financial Group	1	WA	2%	-15%
59	**Robert N. Auclair**	Balanced Wealth Management	Balanced Wealth Management	25	RI	19%	19%
60	**Frank J. Fiumecaldo** **Phone:** 212 269 2512 **Email:** frank@aventinefg.com **Website:** aventinefg.com	Aventine Financial Group LLC	Aventine Financial Group LLC	10	PA	14%	29%

Exclusive Feature

THE RESILIENCE OF GIVING: PHILANTHROPY PERSISTS THROUGH ECONOMIC UNCERTAINTY

Schwab Charitable's donors are making a record impact with strategic charitable contributions and tax-smart planning

BY MANAL ALI

Philanthropy has been a defining American trait, deeply embedded in the cultural fabric. Even given recent challenges in the economic landscape, with fluctuating market trends, sustained inflation, soaring interest rates, and looming fears of an economic downturn, Schwab Charitable donors reached unprecedented levels of granting.

Despite a difficult year for the markets, Schwab Charitable donors increased their grants to charity in fiscal year 2023 to an impressive $5 billion. This represents an 8 percent increase from the previous year. It seems that adversity has only bolstered the resolve to give back, with donors responding to crises with heightened generosity.

Fred Kaynor, managing director, marketing, business development, and strategic partnerships at Schwab Charitable, shares that advisors should feel optimistic about their philanthropic clients' desires to integrate giving into their wealth management plans. He asserts that meaningful wealth management starts with understanding clients' dreams and goals, which often include their philanthropic aspirations. By engaging in conversations about charitable goals and motivations, advisors can guide clients through the nuances of giving, whether it's through cash or non-cash assets or creating a lasting charitable legacy.

ACHIEVING IMPACT AND TAX BENEFITS

As giving season kicks into high gear, doing good is at the forefront of everybody's mind. Investment portfolios are diversifying to include a broader array of assets beyond just stocks and bonds, presenting advisors with enhanced opportunities to pinpoint non-cash assets suitable for tax-efficient charitable donations.

"Tax-smart giving allows donors to maximize their impact on causes that are important to them," Kaynor maintains. "Advisors who incorporate a strategic charitable plan into wealth management can help clients unlock tax benefits that provide more opportunities for giving and more dollars for charity."

Direct contributions of non-cash assets given to charities through donor-advised fund accounts can boost the total donation value by as much as 20 percent by bypassing the capital gains tax on those assets. In fiscal year 2023, 56 percent of the contributions to Schwab Charitable consisted of non-cash assets, including publicly traded stocks, private business interests, and alternative investments.

Kaynor says, "We expect non-cash assets, including alternative investments, to continue to grow in popularity as charitable contributions because they are tax-efficient and increase clients' impact on the causes they support."

THE RISE OF DONOR-ADVISED FUNDS

Schwab's 2023 RIA Benchmarking Study revealed that a substantial 88 percent of independent advisors now incorporate charitable planning into their services, making it a mainstream offering. Advisors are now tasked with offering expanded services, such as charitable planning, to enhance and grow their businesses.

"Advisors who incorporate a strategic charitable plan into wealth management can help clients unlock tax benefits that provide more opportunities for giving and more dollars for charity"

FRED KAYNOR, SCHWAB CHARITABLE

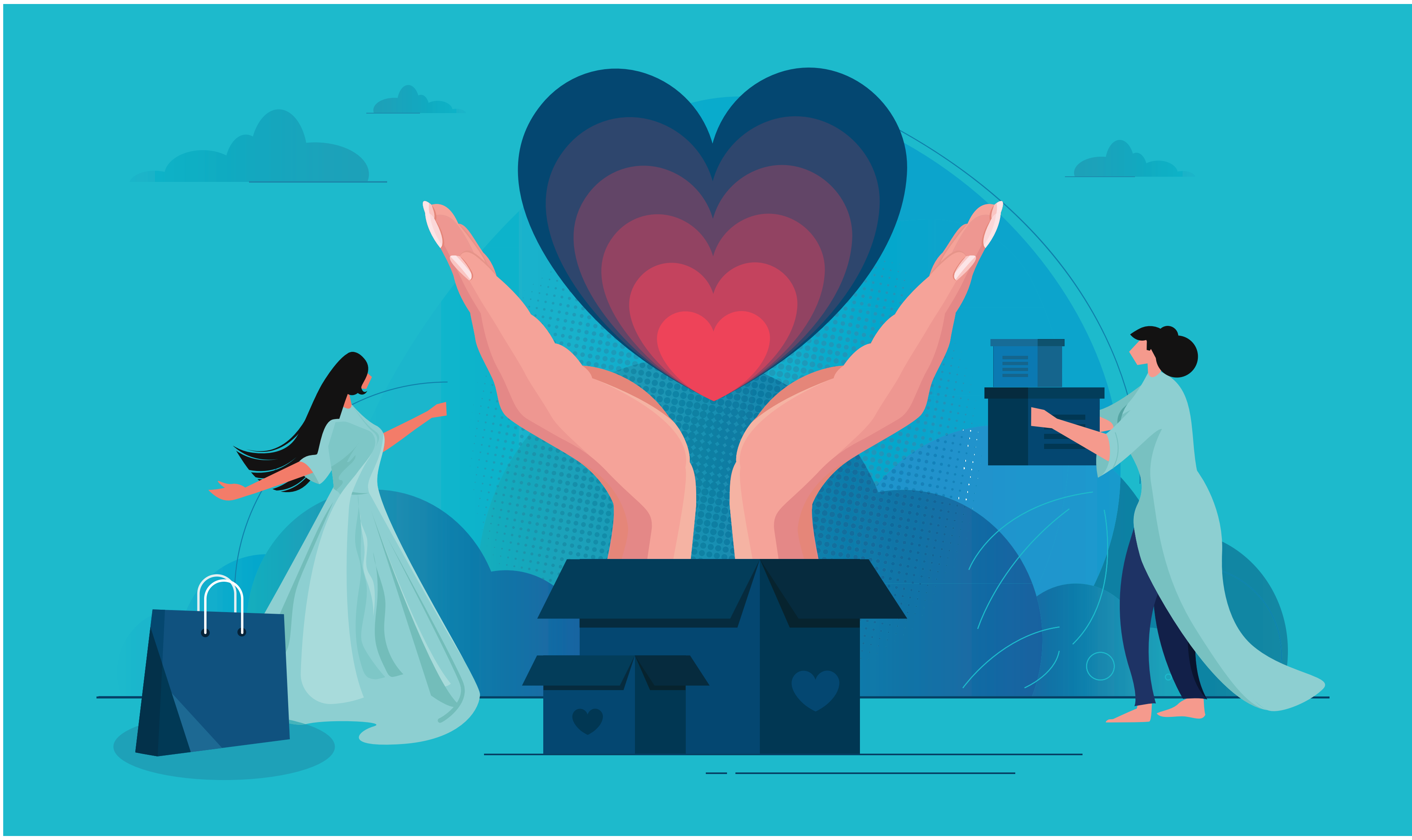
FRED KAYNOR BREAKS DOWN THE DONOR-ADVISED FUND:

A donor-advised fund is a simple, tax-smart solution for charitable giving that makes strategic giving accessible to advisors and clients of all sizes.

Donor-advised funds like Schwab Charitable are convenient and easy to use, have no minimum account requirements, offer tax-free growth of invested account assets, and help unlock more dollars for charity.

Donor-advised funds can streamline donations of non-cash assets, such as publicly traded securities and real estate, to help donors maximize their charitable giving.

IN COLLABORATION WITH SCHWAB CHARITABLE



Donor-advised funds offer a straightforward, tax-efficient approach to philanthropy, making strategic charitable giving accessible to advisors and their clients regardless of account size. Donor-advised funds are user-friendly, require no minimum account balance, facilitate tax-free potential asset growth, and maximize charitable contributions.

"We expect non-cash assets including alternative investments to continue to grow in popularity as charitable contributions because they are tax-efficient and increase clients' impact on the causes they support"

FRED KAYNOR, SCHWAB CHARITABLE

"One of the many benefits of the donor-advised fund is that donors can contribute to their accounts during more financially stable times and invest those assets for potential growth while they're in the account, thus having readily deployable funds to grant each year regardless of the broader economic environment," says Kaynor.

Donor-advised fund providers further streamline the donation of non-cash assets by managing the sale and providing consolidated tax records, which eases the burden of tracking individual tax receipts.

Kaynor says, "Many ultra-high-net-worth clients have also found that opening a donor-advised fund to complement a private foundation helps them achieve their philanthropic goals. Donors may set up a donor-advised fund in their family's name for use by multiple donors and establish a succession plan to continue their philanthropic legacy beyond their lifetime. The fees for donor-advised funds tend to be significantly lower than the expenses private foundations carry for legal and tax activities, investment management, and staff salaries."

By setting up a donor-advised fund for children and/or grandchildren, the next generation is actively involved in the process. For example, you can open a donor-advised fund in your grandchild's name with a small starting contribution and name them as the designated successor. This approach allows the giftee to engage in giving to charities in a structured and significant manner.

Kaynor notes that linking personal goals to high-impact giving strategies fosters deeper advisor-client relationships.

He says, "Charitable planning offers advisors an opportunity to help clients achieve their aspirations in an area that is deeply personal. The result is often deeper client relationships and referrals. And when the whole family gets involved in charitable giving, advisors can build a bridge to a younger generation that will inherit trillions of dollars in the coming years."

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A donor's ability to claim itemized deductions is subject to a variety of limitations depending on the donor's specific tax situation. Consult your tax advisor for more information.

Schwab Charitable™ is recognized as a tax-exempt public charity as described Sections 501(c)(3), 509(a)(1), and 170(b)(1)(A)(vi) of the Internal Revenue Code. Contributions made to Schwab Charitable Fund™ are considered an irrevocable gift and are not refundable. Please be aware that Schwab Charitable has exclusive legal control over the assets you have contributed. Although every effort has been made to ensure that the information provided is correct, Schwab Charitable cannot guarantee its accuracy. This information is not provided to the IRS.

Schwab Charitable is the name used for the combined programs and services of Schwab Charitable Fund, an independent nonprofit organization.

C-Suite

'I WANT HUNGRY PEOPLE WHO ARE WILLING TO DO THE RIGHT THING'

Groomed early for the top job, CEO Richard R. Hough 'grew up' at Silvercrest – now he's leading the public RIA's multifaceted growth story

BY JAMES BURTON

RICHARD R. HOUGH III takes pride in Silvercrest Asset Management Group's unusual position as a publicly traded RIA. The CEO and chairman clearly prefers to be a shepherd, not a sheep.

"I can't think of another firm that looks like us," he says.

Outside money brings outside scrutiny, of course. Hough is unfazed, though, and welcomes investors telling him what they think. Other CEOs might balk at this prospect, but the reality, he insists, is that most of the feedback he receives is constructive and from smart people who, like Hough and the other partners, have skin in the game.

Whether you are answering to shareholders or private equity, everyone wants a return. Naturally, that requires accountability and leadership.

"The presumption behind [being public] is that the market is short-term oriented and it's going to force you to make decisions that are too focused on today, rather than tomorrow. But in my experience, it's about the kind of leadership you are giving to the market," Hough says.

The firm is clear about its long-term strategic plans, some of which take a significant amount of time to bear fruit, he says. "We never focus on quarter to quarter. I give no guidance about the next quarter, let alone year. When you do that, investors know what they're getting, and you can have a meaningful dialogue [with them]."

Hough comes across as someone who's not only comfortable in his own skin but also comfortable in his surroundings. That's not surprising. In 2006, he became the youngest partner at the firm and was groomed for the top job by then-CEO Moffett Cochran, who sadly passed away in 2013 after a long battle with pancreatic cancer, the same year Silvercrest went public.

Cochran was revered after leading the founding group, a collection of people formerly at Donaldson Lufkin & Jenrette who were unhappy after being bought by Credit Suisse. Hough "grew up" at the firm, learned diligently, and, by adding top advisor talent and developing different arms of the business, grew the firm, predominantly organically, to the point where it now oversees more than $31 billion in AUM.

Hough proudly gave *InvestmentNews* a potted history of Silvercrest, pointing out it was one of the earliest pure-play commercial family offices serving only wealthy families. Unlike some, it was not founded to support only one family. Instead, it was set up to be a profitable business serving multiple families.

> **"We've more than doubled the company since I became CEO, and I expect us to do that again, perhaps even at a faster rate than we did"**
>
> RICHARD R. HOUGH III, SILVERCREST ASSET MANAGEMENT GROUP

From day one, it offered all the functions of a big bank or wirehouse bar the trading or investment banking. Fast-forward 23 years, and many competitors have become wealth management centers for wealthy families, offering ancillary services like financial planning, bill paying, and estate work, in addition to money management or wealth management. Silvercrest, though, was early to the idea of having a big, sophisticated,

professional team that split these duties. Hough calls it being "institutionally robust."

There are other ways the CEO believes the firm separates itself from competitors. As a hybrid model, it has its own asset management capabilities in addition to using an open-architecture model, while it also manages institutional assets, which represent 30 percent of its AUM and have played a big part in the firm's overall growth over the past decade. Being public, and therefore more transparent, has given confidence to institutions and consultants.

Personally, Hough points to two key deals he instigated while at Silvercrest that have been pivotal to its growth. The first was the acquisition of Ten-Sixty Asset Management, which brought in due diligence and selection, risk management, and asset allocation expertise. Hough made it Silvercrest's internal investment policy and strategy group.

"It really raised the bar for what we're doing," he says.

This also created the platform for its outsourced chief investment officer, or OCIO, initiative, which has grown from nothing to $1.5 billion.

The second deal was a merger, completed six months before the pandemic, with a small-cap growth equity manager called Cortina in Milwaukee. "Not only was it a home run culturally, which I'm proud about and we got super-high talent, but the team performed really well and it was accretive to shareholders right away," Hough says.

Hough is quick to point out, however, that the firm's growth has been underpinned by the principles and culture first set out by Cochran. This, more than anything, informs the type of advisors and professionals it hires. The CEO fosters a collegial atmosphere where doing the right thing for clients should come before anything else, even at the expense of the firm or themselves.

"I want hungry people who are entrepreneurial driven, have a passion for the investment business, are highly ethical and willing to do the right thing," Hough says. "This also means a professional who's going to take responsibility and doesn't need a lot of hand-holding or guidance, who can work in a flat organization. There's not a huge hierarchy here."

Hough has been at Silvercrest 20 years and, as he points out, folks tend to stick around. Out of a staff of about 152 people, 21 have been at the firm 20 years, 48 have been there 15, and 68 have been there 10. The culture, he adds, is energizing.

"It's not marketing – we really mean it," he says.

So what's next for a growing firm with such solid foundations? Hough is candid enough not to totally rule out a sale or merger, mainly because he is led primarily by a fiduciary duty to partners, shareholders, and clients. He makes it clear, however, that there's a lot of growth left in the tank.

"We've more than doubled the company since I became CEO, and I expect us to do that again, perhaps even at a faster rate than we did," he says. "Part of that equation as well is what's best for our clients, and that can't be lost in the mix. I do feel in our industry that sometimes people lose sight of their fiduciary responsibility to their clients, which is not just the advice we give but it's also about being true to your word about the type of firm clients join and experience."

james.burton@keymedia.com

NAME: Richard R. Hough

POSITION: CEO and chairman

COMPANY: Silvercrest Asset Management Group

FOUNDED: 2002

AUM: More than $31 billion

ADVISOR'S MESSAGE TO MILLENNIALS: THERE IS HOPE

Preparing his finances to become a dad, Kevin Mahoney was taken aback by the amount of research needed. He decided to use his financial knowledge to help fellow new parents

BY EMILY DOUGLAS

From a financial perspective, millennials have had it rough. They came of age during the Great Recession and they've watched as house prices have climbed steadily until owning a home seems impossible for many. And that's before factoring in COVID, runaway inflation, or crushing student debt. As a generational cohort, they could use some help.

For Washington, D.C.-based Kevin Mahoney, the founder and CEO of Illumint – and fellow millennial – this realization came as he and his wife were preparing for their first child. Raising a new human costs a lot of money, for a long time, and Mahoney and his wife had some questions.

"We were researching all of these new personal finance questions that had never been relevant to us before," he recalls. "I remember thinking how much time I was spending on some of these questions, even though I had a background in finance."

Mahoney wasn't a financial advisor back then, but he thought he knew about money. He had worked in finance, and he and his wife seemed to be adept at managing their household's finances. But preparing for a newborn was altogether more complicated.

"I realized that if I was in this position, then my friends who did not have the same background as me were likely feeling much more

Name:
Kevin Mahoney

Position:
Founder and CEO

Company:
Illumint

What it offers:
Fee-only financial planning

Location:
Washington, D.C. (but works virtually with millennials across the US)

Year founded:
2017

Recognition:
Best Financial Advisors for Millennials – *Business Insider*, Top 100 Financial Advisor in the US – *Investopedia*; Best of DC Money Management Services – *Washington City Paper*, Top Financial Advisor – *Washingtonian*; 40 Under 40 class of 2021 – *InvestmentNews*

> **"I realized that if I was in this position, then my friends who did not have the same background as me were likely feeling much more stress and running into even more questions"**
>
> Kevin Mahoney, Illumint

stress and running into even more questions," Mahoney says. "I saw this opportunity to take my finance skills and apply it to the people I hung out with. That's when I decided to launch my practice, specifically with a focus on young parents, who, as you might expect, historically have not been targeted within the financial planning industry."

His entrepreneurial spirit and desire to do meaningful work led him to create Illumint. Mahoney could reach his target demographic because he was in his target demographic. He knew, therefore, how rare it was for someone going through the same life phases to lend a hand to their peers.

Mahoney emphasized that his journey wasn't about hard selling or convincing young parents about his expertise. Instead, it was more about showing he understood.

"Specifically, I knew what their pain points were, what their background with money was growing up, and how that kind of transfers into how they approach it today," he says.

The heart of his marketing and outreach was all about real-life interactions and mutual experiences.

"The nice thing about working with your own demographic is that I'm at the playground with my kids or I'm taking my kids to school, and these are the people that I'm trying to help."

One can't underestimate the importance of reaching the right audience in the right way. Because he wanted to work with his peers, Mahoney built a formidable online footprint.

"From the outset, I wanted to make sure I had a strong online presence since I was targeting millennials," he says. "I know how our generation relies on the internet. We're very accustomed to finding things through Google or social media."

He worked diligently to ensure that a simple search, say, for a financial advisor in Washington, would lead potential clients straight to Illumint.

"That has proven to be one of the biggest drivers of my growth over the years."

Mahoney believes that chasing algorithms – the codes that determine search rankings on platforms like Google or Twitter – isn't always the best strategy. After all, algorithms change, and people do, too.

His strategy? "Do what you're interested in and what you think you can stick with for the long term. That has a much better chance of being sustainable and working over the long term, rather than chasing some of the shorter-term gains that so much online stuff can tease people with."

Mostly, for Mahoney, his business isn't just about numbers; it's about the message that while millennials haven't inherited the best economic reality, there is hope, and Mahoney's mission is to share that message.

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RETIREMENT PLANS

BITCOIN ETFS IN 401(K)S A USEFUL DIVERSIFIER, PROPONENTS SAY

Such ETFs could become a small component of target-date funds

BY EMILE HALLEZ

The SEC's approval of spot-price bitcoin ETFs means that the digital asset finally has an entry point into 401(k) plans – but don't count on it appearing on investment menus anytime soon.

Instead, retirement investors will most likely be able to access bitcoin ETFs through 401(k) plans' brokerage windows and, eventually, through asset allocation products like target-date funds. Given the extreme volatility of bitcoin and the range of opinions about its future, only a small proportion of a portfolio should be devoted to it, proponents say.

"Because these are ordinary ETFs, they are immediately available in self-directed accounts," said Ric Edelman, founder of Edelman Financial Engines. For people who are active investors or traders in 401(k) plans, that access is meaningful – but those who are in default investment options or choose funds from the plan menu might not get bitcoin exposure for a while.

There are a couple of reasons for that. Because the ETFs are new, they haven't been incorporated into any target-date products that would seek to add them. Additionally, 401(k) plan sponsors are widely risk-averse when it comes to making changes, including adding what is essentially a new asset class. Guidance in 2022 from the Department of Labor also tempered expectations, as the regulator urged fiduciaries to "exercise extreme care" when considering the addition of bitcoin to their plans.

Further, ETFs are few and far between in 401(k) plans, in part because record-keeping systems weren't designed around intraday trading.

POTENTIAL BENEFITS

Allocating 1 percent to 5 percent of assets to bitcoin can have advantages, as that range is small enough to protect investors from harm if the digital asset fails, but the potential for outsize price appreciation could have a materially positive effect on portfolios, said Edelman, who's co-founder of the Digital Assets Council of Financial Professionals.

"This is the best of both worlds – it reduces risk in the portfolio but improves returns," he said.

> "Employers who respond to those workers' demands [to invest in bitcoin] will improve employee morale by demonstrating their responsiveness to this new opportunity"
>
> RIC EDELMAN, DIGITAL ASSETS COUNCIL FOR FINANCIAL PROFESSIONALS

The lack of correlation to stocks and bonds also makes bitcoin advantageous as a diversifier, said Mike Alfred, who runs hedge fund Alpine Fox, which focuses on bitcoin and bitcoin-related equities. Alfred also co-founded retirement plan ratings firm BrightScope, as well as fintech Digital Assets Data.

"From a mathematical standpoint, it's kind of foolish not to include it in 401(k) plans," he said. "It's just another asset class. It's not different from emerging markets, gold, or other commodities. Once the gatekeepers understand the asset class, it invariably ends up in these plans."

Famed Yale chief investment officer David Swensen, who died in 2021, began incorporating bitcoin into the university's endowment in 2018 through investments in venture funds. Swensen's "Yale model" of investing, developed along with Dean Takahashi, for many years delivered strong returns by focusing on alternative asset classes rather than traditional stocks and bonds, Alfred noted.

The best manifestation within 401(k)s, at least in the near future, would be inclusion of bitcoin ETFs within asset allocation funds that are used as the defaults, he said.

"People need to understand that this is coming,"

"This is like dynamite – which is really helpful if you're digging a hole"

MIKE HARRIS, COLLEGE FOR FINANCIAL PLANNING

Alfred said.

It's also evident that people want bitcoin, said Edelman, who projects that $150 billion will flow into bitcoin ETFs within three years, with the price of bitcoin reaching $150,000.

"Employers who respond to those workers' demands will improve employee morale by demonstrating their responsiveness to this new opportunity," he said. "This is an opportunity for forward-thinking advisors and employers."

Of course, changes in the 401(k) world are slow to happen, and the consultants who help shape investment menus may not see incentives to add bitcoin soon, Edelman noted.

The fact that the digital asset is available in an ETF format helps address the concerns the DOL has cited with bitcoin, but the regulator's stance will nonetheless be slow to soften, he said.

Currently, there are means of accessing bitcoin through 401(k)s, including through Fidelity's Digital Assets Account, which has not caught on quickly, Edelman said. But the fact that Fidelity is among those with a spot bitcoin ETF is significant, given that it is one of the biggest retirement plan providers.

"This will make it very easy for millions of 401(k) plans to make this ETF available," Edelman said.

Meanwhile, the biggest 401(k) provider, Vanguard, has indicated that it is not planning to offer access to spot bitcoin ETFs.

"Vanguard is getting a lot of criticism – and deservedly so – for denying millions of investors from making their own investment choices," Edelman said.

ALL THE HYPE

Since the SEC begrudgingly approved 11 spot bitcoin ETFs on January 10, nearly $2 billion flowed into the products in the first three days of trading, according to figures from Reuters.

Mike Harris, associate professor of retirement studies at the College for Financial Planning, said the excitement reminds him of the tech bubble or the housing market in 2007. In cases with such intense investor interest, there is a risk that valuations are already at a high point, he said.

"I would be astounded if a 401(k) investment committee would say, 'Hey, we'll let people invest in the bitcoin ETF.' Their liability on that would be pretty huge," Harris said. That said, small holdings within an asset allocation product could be more reasonable, he said.

In individual retirement accounts, people should limit their bitcoin exposure, particularly if they are in or near retirement, he noted. It's helpful to keep in mind that if people see significant investment losses, the returns needed to make up for those in future years are higher, Harris said.

"This is like dynamite – which is really helpful if you're digging a hole."

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ASSETS IN BITCOIN ETFS

BITCOIN ETFS	TOTAL ASSETS ($ MILLIONS)
Grayscale Bitcoin Trust (GBTC)	$24,791.70
iShares Bitcoin Trust Registered (IBIT)	$1,069.58
Fidelity Wise Origin Bitcoin Fund (FBTC)	$523.25
Bitwise Bitcoin ETF Trust (BITB)	$354.53
Ark 21Shares Bitcoin ETF (ARKB)	$322.83
Invesco Galaxy Bitcoin ETF (BTCO)	$199.12
VanEck Bitcoin Trust (HODL)	$91.74
Valkyrie Bitcoin Fund (BRRR)	$63.39
Franklin Bitcoin ETF (EZBC)	$49.49
WisdomTree Bitcoin Fund (BTCW)	$4.76

Source: VettaFi data as of Jan. 19

Industry

SEC probes B. Riley deals with client

US AUTHORITIES ARE investigating B. Riley Financial's deals with a key client linked to a securities fraud and the use of his assets to help the firm obtain a loan from Nomura, according to people familiar with the matter.

The Securities and Exchange Commission carried out interviews in recent months about B. Riley and its relationship with Brian Kahn, the sources said, requesting anonymity. Kahn is an unidentified co-conspirator in a Department of Justice criminal case prompted by the 2020 demise of hedge fund Prophecy Asset Management, Bloomberg previously reported.

Concern about B. Riley's relationship with Kahn has helped send the firm's shares tumbling.

Raymond James CEO balks at the high price of RIAs

PAUL REILLY, chairman and CEO of Raymond James Financial, last Wednesday acknowledged that buyers of registered investment advisors have changed the business of recruiting financial advisors. When asked during an earnings call about the competition in recruiting advisors, Reilly cited the prices being paid for RIAs.

"Probably the biggest change in the competitive landscape has been RIA roll-ups that pay prices that we can't quite figure out, and it's a bet on aggregating and being able to go to market at some point, even though those private multiples are much higher than the public multiples," he said. "That's a new competitor."

FOCUS

Positive mindset shapes CEO's approach

EVEN THOUGH IBN Financial Services brings in around $12 million net income every year, CEO Richard Carlesco still believes in maintaining a personal touch.

"Although I run the organization, and I have people below me that do the nuts and bolts, I'm still very much involved in the day-to-day operations and pitch in whenever I am needed. I talk to my reps every single month," he says.

"We started this firm in 2000 – and it sort of dropped into my lap. The previous owner had a trade error that he couldn't cover, so I covered it and bought the firm. I took 10 reps that were a part of my branch with me – and now we have around 80 reps all across the country."

Looking back on his career success, Carlesco is reminded of his childhood – particularly his relationship with his father. When Carlesco was upset over the treatment of Indians in a Billy Jack movie, his father pointed out that there is also a lot of good in this world and prompted him to read a book about success and the power of a positive attitude.

"That book changed my life," he says. "Because too many people concentrate on the negative things in their lives. So the days when good things happen to them, they can't see it. But if you concentrate all your effort on the wonderful things that happen in your life, then when bad things happen, it's like dust on your shoulder. You just wipe it off. I've lived my entire life like that."

Carlesco has taken this positive mindset into his professional life, too,

Client cash assets ended 2023 at twice the normal level: Ameriprise

THE STOCK MARKET has been surging this year, but investors started 2024 with a lot of money in cash products, Ameriprise executives said during the firm's earnings call last Thursday. Cash-related holdings totaled $81.5 billion among clients of Ameriprise advisors at the end of 2023, representing about 9 percent of the firm's total client assets of $901 billion.

"It is sort of double the amount clients are holding compared to where they used to be," CFO Walter Berman said.

Of the $81.5 billion in cash-related products, more than half was in third-party money market products or brokered CDs.

Rockefeller continues roll in hiring advisors

ROCKEFELLER CAPITAL MANAGEMENT, which has seen strong net gains of financial advisors over the past several years, started 2024 by hiring two teams, one from Merrill Lynch and the other from UBS, which combined had worked with more than $5 billion in client assets at their previous firms.

Rockefeller, which at the end of December managed $122 billion in client assets across its various businesses, is known to be among the most aggressive firms on the Street when it comes to offering recruiting bonuses to advisors. Its broker-dealer has seen a net gain of 271 financial advisors since 2020, according to *InvestmentNews* research.

RICHARD CARLESCO

"Never, ever start a charity to find clients. Find something that you're passionate about and go after it"

RICHARD CARLESCO, IBN FINANCIAL SERVICES

focusing a lot of his efforts on charitable work via IBN, which is headquartered in Liverpool, New York, a suburb of Syracuse. Inspired by a desire to make a difference, he founded Victory for Vets, a unique charity initiative.

"We've matched [rescue dogs] with 25 veterans who suffer from post-traumatic stress," Carlesco says.

His philanthropic endeavors, however, come with a piece of advice drawn from his own experience: "Never, ever join an organization to find clients. Never, ever start a charity to find clients. Find something that you're passionate about and go after it."

Because for him, contributing to the community is about making a meaningful impact, not just a business strategy.

"Life's too short to work every single day and be consumed by work," Carlesco adds. "We work hard so that we can play hard and enjoy the fruits of our labor. That happiness is contagious."

Morgan Stanley pays Gorman $37 million for final year as CEO

MORGAN STANLEY increased James Gorman's compensation by 17 percent for his final year as chief executive, boosting his pay to $37 million.

Gorman, 65, was succeeded as CEO earlier this month by Ted Pick.

In the filing, Morgan Stanley said its board's compensation committee approved, retroactive to January 1, a new base salary of $1.5 million for Pick – a move made to bring his pay in line with Gorman's base salary when he was CEO. Pick previously received a base salary of $1 million a year.

JPMorgan's Dimon promotes potential successors

JPMORGAN CHASE & CO. CEO Jamie Dimon moved some top lieutenants into new senior roles, positioning them for more experience running the firm's operations as he prepares potential successors.

The shuffle, halfway through Dimon's five-year retention package, places Jenn Piepszak and Troy Rohrbaugh atop an expanded commercial and investment bank, according to a statement last Thursday. Marianne Lake, who has co-led the consumer and community bank alongside Piepszak since 2021, will get sole control of the segment.

Insiders had predicted the bank would need to rotate executives to give them new challenges in the search for the successor to Dimon, 67.

Over a third of US advisors plan to retire within 10 years

FINANCIAL ADVISORS HAVE been retiring faster than they can be replaced, and that trend shows no sign of abating, according to a recent report from Cerulli Associates.

There will be a "critical need for the industry to attract and retain talent" as more than 109,000 financial advisors – representing 38 percent of the industry's head count and 42 percent of assets – will likely retire during the next 10 years, the report noted. That's because the "rookie failure rate" is nearly twice as high, at 72 percent, Cerulli stated.

Regulation

Finra finds many misleading claims about crypto assets

BROKERAGES AREN'T TELLING the full truth about cryptocurrency assets when they discuss them with customers, Finra warned last Tuesday.

The Financial Industry Regulatory Authority flagged potential violations of its rules in 70 percent of the materials it reviewed during a targeted examination of 500 communications between brokerages and retail investors regarding crypto products and services, according to a report.

Brokerages failed to comply with Finra rules that require their communications with the public be "fair and balanced" and provide a sound basis for evaluating facts regarding products and services. Finra prohibits false, exaggerated, and misleading claims.

Trump to focus on expiring tax cuts if he wins: Advisors

ADVISORS PREDICT THAT if Donald Trump wins the White House again, the renewal of tax cuts at the heart of his signature tax legislation during his first term will follow.

Last week, Trump won the New Hampshire Republican primary, and he's the odds-on favorite to win the GOP nomination.

During his campaign, Trump hasn't talked much about specific policies. But advisors anticipate that he'll turn his attention to a litany of tax breaks – including lower individual rates and a higher estate tax exemption – that were part of 2017 tax-reform legislation and are set to expire at the end of 2025.

FOCUS

Case over fishing law could hamstring the SEC and DOL

A CASE BEFORE the Supreme Court over an obscure fishing regulation could interfere with the SEC's ability to make new regulations and enforce the ones already on its books.

Earlier this month, the high court heard oral arguments in two cases challenging a federal regulation that requires fishing-boat operators to pay the costs of observers who ensure that they're complying with the law. The implications of the pending decisions could be severe for federal agencies, as the cases essentially challenge a 40-year-old court ruling that has set the basis for how civil servants interpret the law.

That is known as the Chevron deference, which essentially means that courts defer to federal agencies in their interpretations of broad or unclear language in laws passed by Congress. That leeway has allowed regulators like the Securities and Exchange Commission and Department of Labor to implement rules that keep up with times. But over the past several years, opponents have characterized the Chevron deference as permitting an "administrative state" in which unelected officials have too much control.

Several of the Supreme Court's majority conservative justices alluded to

SEC approves tougher rules for blank-check deals

THE SEC IS demanding more investor protections for deals involving special purpose acquisition companies, or SPACs, tightening rules on the once-popular pathway for taking firms public.

After surging during the pandemic as an alternative to traditional

initial public offerings, blank-check companies have fallen out of favor. In a move that could further reduce interest, the Securities and Exchange Commission approved new rules last Wednesday to make SPAC deals more like traditional IPOs – driving up legal risks and costs for those sponsoring transactions.

The regulations revoke legal protections that shielded sponsors of the deals from getting sued by investors over embellished statements.

SEC crypto-related enforcements grow exponentially

REGULATORY CONCERNS ABOUT cryptocurrency assets are translating to a record number of enforcement actions by the SEC, according to a new report from Cornerstone Research.

The regulator took 46 enforcement actions against digital asset market participants in 2023, a 53 percent rise year over year and the highest number since the first of its kind in 2013. Last year's first quarter saw 20 actions taken, a new record for a single quarter.

The report reveals that the SEC brought 26 litigations in US federal courts in 2023, a slight rise from the previous year, while administrative proceedings more than tripled to 20.

their positions on Chevron during oral arguments, hinting that the long-standing doctrine will be limited, if not overturned.

"I don't know if it's a foregone conclusion," said Kurt Wolfe, of counsel at law firm Quinn Emanuel Urquhart & Sullivan, noting that the court declined to overturn Chevron in two other cases that called it into question.

The court could place limits on the doctrine, which could mean that courts could only defer to the expertise of federal agencies in interpreting the law when Congress intentionally made language vague.

"It looks like, based upon the arguments, that Chevron will not come out of this decision [being] upheld in its entirety," said Jason Roberts, CEO of the Pension Resource Institute. "It is all-out overruled, or is it limited?"

A case in which Congress clearly intentionally left it up to federal agencies to interpret and implement law is seen in versions one and two of the SECURE Act, as the Department of Labor, IRS, and Treasury were tasked with defining various aspects of the laws, he noted.

But if Chevron is severely limited or overturned, there will be a question about how agencies implement rules and regulations. It would also make it much easier for plaintiffs to challenge regulations in court.

If Chevron is overturned, the risk is that "the SEC will no longer be able to create new rules that are designed to apply to new things going on in the marketplace," Wolfe said.

For a sense of how impactful that would be, consider cryptocurrencies and digital assets. There isn't a statutory mandate for how to handle those, he noted.

> **"It looks like, based upon the arguments, that Chevron will not come out of this decision [being] upheld in its entirety"**
>
> JASON ROBERTS, PENSION RESOURCE INSTITUTE

Robinhood to pay $7.5 million to settle Massachusetts charges

ROBINHOOD FINANCIAL agreed last Thursday to settle a 2020 case brought by the secretary of the Commonwealth of Massachusetts, William Galvin, over the online trading platform's use of gamification strategies to attract and manipulate customers, Galvin's office announced.

As part of that settlement, Robinhood agreed to pay an administrative fine of $7.5 million and overhaul its digital-engagement practices.

In 2020, the Massachusetts regulator filed its complaint against Robinhood relating to the trading app's use of gamification strategies to attract inexperienced investors and its failure to prevent frequent outages and disruptions on its trading platform.

Bill to extend small-business tax breaks faces tough path

LEGISLATION THAT WOULD renew expired small-business tax breaks and bolster the child tax credit faces a difficult legislative path. On January 19, the House Ways and Means Committee approved with overwhelming bipartisan support a measure to revive tax breaks for research and development spending, boost the deductibility of business investments, and increase the child tax credit.

But the bipartisan momentum doesn't guarantee the bill will get through Congress. For instance, some House Democrats might push for a bigger child tax credit and some Republicans might demand a provision lifting deduction limits on state and local taxes, said Marc Gerson, a partner at Miller & Chevalier.

FSI seeks to reboot suit to stop DOL independent-contractor rule

ONE OF THE leading opponents of a Department of Labor rule that could affect the employment status of independent financial advisors is attempting to reboot a lawsuit to stop the regulation.

The Financial Services Institute and three other trade groups filed a motion in the 5th Circuit Court of Appeals asking it to send a suit against DOL to US District Court for the Eastern District of Texas.

The lawsuit centers on DOL action in early 2021 to delay, then withdraw, an independent-contractor rule promulgated by the Trump administration. When the Biden administration took office, it removed the regulation with the intention of proposing its own regulation.

Firms still use risky communications

DESPITE THE MASSIVE fines regulators have imposed on financial services firms for using messaging apps, a new report reveals many in the industry still use communications that don't meet compliance requirements. A survey by compliance firm Smarsh showed collaboration platforms, SMS text, and social media are the platforms most allowed for business purposes under firms' policies.

While just 17 percent of firms allow the use of encrypted messaging apps such as WhatsApp, more than 20 percent do not have a governance policy for the use of these platforms, and policies for emerging social media apps are even less common.

Retirement

Could limiting tax breaks for 401(k)s rescue Social Security?

SOMETHING NEEDS TO be done to fix the Social Security system's financial problems, and a pair of academics suggest eliminating the tax preferences for 401(k)s and individual retirement accounts as a solution.

Doing so could free up revenue equal to an estimated 1.3 percent of GDP, which could offset most of Social Security's long-term funding gap, which is pegged at 1.3 percent to 1.7 percent of GDP, authors Alicia Munnell and Andrew Biggs wrote in a recent paper. The Social Security trust funds are projected to run dry by 2034, at which point benefit payments would have to be reduced.

TIAA sponsors hip-hop track about retirement saving

"BROUGHT TO YOU by TIAA" is not a concept hip-hop fans might expect, but the company has sponsored a song about financial freedom, generational wealth, and retirement savings that's performed by Pusha T, Wyclef Jean, Lola Brooke, Capella Grey, and Flau'jae.

The track, "Paper Right," was featured on *The Tonight Show Starring Jimmy Fallon*, with some of the performers seated around a table adorned with fresh fruit, mortar boards, and stacks of cash. It is part of the financial services company's Retire Inequality campaign, which focuses on the racial and gender wealth gaps in the US.

FOCUS

'I wanted to assist people like me'

JUSTIN GREEN'S passion for financial planning manifests in one major way – helping younger generations build their wealth.

Green, the founder of Assist Financial Planning, which is based in Marlborough, Massachusetts, says that while working at a fee-only planning firm, he discovered his true calling.

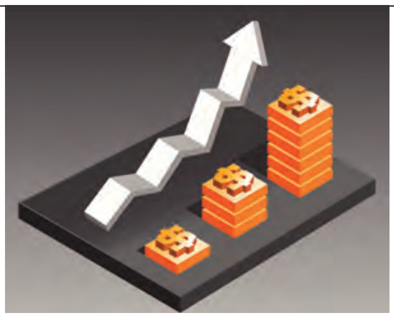
In his practice, Green encounters a diverse range of challenges, especially when working with multiple generations. However, it's the unique circumstances millennials face that result in a plethora of questions – from buying a house to starting a family or venturing into rental properties and entrepreneurship.

"Our generation is fully responsible for our retirement," Green explains. "There's not a lot of pensions out there anymore. A lot of millennials don't have confidence in the Social Security system. I truthfully don't think that's going to go anywhere – but there's a lack of confidence in our generation. They face a lot of student loan debt."

> **"Our generation is fully responsible for our retirement. There's not a lot of pensions out there anymore"**
>
> JUSTIN GREEN, ASSIST FINANCIAL PLANNING

"I wanted to assist people like me, who didn't resonate with traditional retirement planning," he says. "I lost my mom in college, and my dad has been disabled for years. They never did traditional retirement planning, and I wanted to help those facing similar situations."

Annuity sales smash record set in 2022



THE ANNUITIES BUSINESS is on a tear, seeing higher sales than it has ever experienced for the second year in a row in 2023.

Last year, individual annuities in the US raked in an estimated $385 billion, which was 23 percent higher than the prior record of $312.8 billion set in 2022, according to data released last Wednesday by Limra. The new record is due largely to a massive bump in sales for the biggest product category, fixed-deferred annuities, which at $164.9 billion shot up by 46 percent last year.

Vanguard to offer digital estate planning

VANGUARD IS PARTNERING with digital estate planning firm Vanilla to empower its advisors and investors in the often-complex field of intergenerational wealth and legacy planning. Following a successful pilot program last year with clients in Vanguard's Personal Advisor Wealth Management, Vanilla's tools will be made more widely available to ultra-high-net-worth investors over the next year.

A Cerulli report recently highlighted the importance placed on estate planning (along with tax planning) by ultra-high-net-worth clients.

Vanguard's Personal Advisor hybrid advice service was launched in 2015 to give clients the benefit of sophisticated technology along with human advisors.

JUSTIN GREEN

However, as Green explains, the younger generation have also discovered the booming world of online commerce – with a lot of people launching successful online coaching, marketing, or social media businesses.

"They've started to accumulate quite a lot of money," he said. "But they have no clue what to do with it because they've never been taught that in school. And so, some of the challenges are just about navigating life – how to combine finances with a significant other, how to get into rental properties, how to start another business."

Green is capable of answering these concerns – more so than rogue online influencers who seem to have emerged over the past few years. The unregulated nature of online platforms creates a Wild West scenario, making it harder for him and his fellow advisors to navigate the influx of potentially misleading information.

"I'm not just competing with advisors for attention. There are financial coaches and insurance salesmen on social media pitching advice that I wouldn't necessarily call good advice," Green says.

He acknowledges that the technology for investment management is excellent but says younger individuals want more one-on-one access.

"I'm trying a barbell approach with lower- and higher-tier services to make financial planning accessible to those who don't have a lot of assets but still deserve guidance," Green says. "That's the constant battle that I'm trying to figure out – being able to help more individuals who grew up similar to me, maybe come from lower-income backgrounds and are trying to build wealth."

Fintech launches annuities platform

FINTECH FLOURISH HAS rolled out a platform that will make it easier for registered investment advisors to provide fee-based annuities for their clients.

While interest in annuities has been increasing, providing them to clients can be tricky for RIAs, in part because methods of compensation for annuity sales may not fit with a fiduciary approach.

Flourish says its platform, Flourish Annuities, will address not only compensation but also other issues RIAs face with annuities, such as lengthy applications and requirements related to insurance licenses. It cites its digital application process, along with a marketplace of fee-based annuities from various carriers.

Betterment at Work offers student-loan matching in 401(k)s

BETTERMENT AT WORK has rolled out a product that lets small businesses automatically match workers' student loan payments with 401(k) contributions. The solution arrives as a provision of the SECURE 2.0 legislation goes into effect that makes employees' qualified student loan repayments eligible for 401(k) matching contributions from their companies.

Workers can record qualified loan payments on Betterment's 401(k) platform, and their employers can then match those with a contribution to the workers' 401(k) accounts. The solution lets employers make the match on loan repayments annually even if they make other 401(k) matches at each payroll period.

DOL gives go-ahead to auto enrollment in emergency accounts

AUTOMATIC ENROLLMENT MIGHT be the single biggest factor that has boosted 401(k) savings over the past 18 years, and it could soon be used to sign up workers for emergency savings accounts.

On January 17, the Department of Labor issued guidance in the form of answers to frequently asked questions about pension-linked emergency savings accounts, a workplace benefit that's available this year under provisions of the SECURE Act 2.0.

Those accounts differ from emergency savings programs that employers have rolled out over the past few years because the pension-linked emergency savings accounts would be part of the companies' defined-contribution plans.

Prudential, Fidelity partner on decumulation option for 401(k)s

PRUDENTIAL FINANCIAL AND FIDELITY INVESTMENTS are collaborating on a new single-premium immediate annuity available through employer-based retirement plans administered by Fidelity. Prudential is one of four insurers included on the Fidelity's Guaranteed Income Direct platform to offer embedded distribution through defined-contribution plans.

Prudential SimplyIncome is part of the insurer's commitment to developing new methods of delivering retirement income, and Ann Nanda, head of future growth initiatives and distribution enablement at Prudential Retirement Strategies, says that the collaboration with Fidelity facilitates this.

It has been easier to offer SPIA options since the SECURE Act of 2019.

Giving surge in late 2023 extending into this year

RECESSION FEARS DIDN'T stop donors from giving to charitable causes last year. Schwab Charitable revealed last Tuesday that its donors granted more than $6.1 billion to charity in 2023, up 31 percent year over year. Its donors supported more than 127,000 charities through more than one million grants, an 11 percent increase compared to 2022.

Schwab Charitable said 71 percent of donors' grant recommendations didn't specify a purpose, while 69 percent of existing donors granted to a new organization that they had not previously supported, and 87 percent of donors granted within their home state.

AssetMark launches solution to help advisors unlock tax efficiencies

FINANCIAL ADVISORS USING the AssetMark wealth management platform will now have access to a suite of services to boost tax efficiency and outcomes for their clients' taxable assets. The fintech has added tax-management services to its platform, a comprehensive offering of streamlined and seamless solutions driven by advisors' demand for services including tax transition, tax-efficient rebalancing, tax-loss harvesting, and client-directed activity.

The new solution helps advisors to personalize plans to suit each client's tax sensitivities, risk tolerance, realized capital gains budget, and investment preferences, along with reporting to ensure advisors can track their impact on clients' portfolios.

FOCUS

Ask good questions, be quiet, and listen

WHEN JORDAN PATRICK started out in financial planning, he quickly realized that sector planning was about a lot more than the numbers.

"As a young advisor, you're so focused on the technical side of financial planning, which is good and important, but then one day I realized if I truly wanted to make an impact in my clients' lives, I need to be able to ask good questions – get them thinking, get them talking – and then I need to be quiet and listen."

"When goals are vague, it's hard to be motivated"

JORDAN PATRICK, COMMAS

For Patrick, a senior financial advisor at Cincinnati-based Commas, backed by Truepoint Wealth Counsel, it all comes back to recognizing and appreciating the diversity among his client base – particularly when it comes to helping them realize their financial dreams.

"One thing I'm passionate about is helping families align their resources with their family vision," Patrick says. "I believe that helping someone feel empowered in their finances has the potential to impact their family for generations to come."

To extend his impact beyond traditional financial planning, Patrick dedicates time on a pro bono basis, providing insights to those who may not have access to such services.

"A lot of the work that we do as financial planners or financial advisors is to help people not make emotionally driven financial decisions," he says. "I've found that emotionally driven decisions often lead to poor financial outcomes. And so, we, to the extent that we can, create systems that help clients avoid those decisions."

The first step involves prompting clients to cast a vision and set clear, meaningful goals. "When goals are vague, it's hard to be motivated," he says. By connecting specific financial accounts to these life goals, clients are more likely to stay motivated and less inclined to make impulsive decisions.

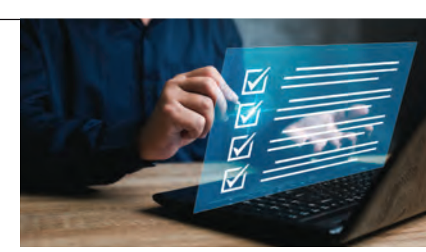
According to Patrick, a practical and

Bad tech is bad for advisors' business

ADVISORS WHO ARE using outdated or subpar technology are likely to ditch their firm for another, according to a study released last Wednesday. Advisor360's report found 92 percent of advisors would switch firms because of a poor technology set-up, while 44 percent already have; 58 percent said they've lost new business over bad tech.

The report also found firms that invest in great technology have a proven competitive edge. Ninety-three percent of advisors with state-of-the-art technology have gained new customers because of competitors' bad tech. But just 35 percent of advisors said they have state-of-the-art or modern tech at their firm.

Advisors run through tax-season checklist



WITH THE END of January approaching, clients should start getting ready to file taxes. But some advisors say submitting too early can result in having to amend tax forms later on.

"Don't rush to file your taxes," says Kashif Ahmed, president of American Private Wealth. Ahmed says he advises his clients that tax documentation like 1099s and W-2s will come when they need to, so clients shouldn't be worrying about them.

Catherine Valega, founder of Green Bee Advisory, suggests paying "particular attention to crypto filing, and new Venmo IRS tax reporting if you're self-employed and received income from that platform."

JORDAN PATRICK

simple way to do this is to name your accounts. For example, if a client wants to buy a vacation home in the next few years, naming that account "Lake House" would encourage clients to be more motivated in making progress toward that goal. This tangible connection between financial accounts and life goals serves as a constant reminder, reinforcing the purpose behind financial decisions.

Patrick does, however, acknowledge the challenges clients may face in maintaining consistent contributions, especially during challenging weeks or tight financial periods. Systems that automate savings plans, whether into investment accounts or dedicated bank accounts, remove the emotional element from decision-making, ensuring consistent progress toward identified goals.

As for the future, Patrick sees the financial industry evolving toward a greater emphasis on relationships. As financial planning becomes more commoditized, understanding clients' nuances and crafting personalized plans will be essential.

"I think in the future we'll see a lot more focus on life planning on therapeutic tactics – things like that are really going to help us to be able to know our clients better."

Performance-based fees gaining ground

AN ADVYZON STUDY found more advisors are using performance-based billing, a fee structure typically associated with hedge funds. Performance-based fees have a troubled past, and an advisor's compensation can be curtailed for underperforming a benchmark, even if the portfolio itself was up with the market. And if advisors participate to a greater extent in the relative outperformance of the benchmark, they have an extra incentive to try to beat it.

Advyzon said that while the the number of firms offering performance-based billing increased significantly in 2023, the portion using it is a minority – just 1 percent of the 1,200 firms it pulled data from.

Should advisors buy new bitcoin ETFs?

TO BUY, or not to buy? That's the dilemma facing advisors now that the Securities and Exchange Commission has approved 11 spot bitcoin ETFs.

Matthew Sigel, head of digital assets research at VanEck, which offers one of those spot bitcoin ETFs, said advisors should use this time to leg into the world's best-performing asset over the past one, three, and five years, and do it in an extremely cost-effective manner. Sigel estimates these ETFs will provide more than a 50 percent cost savings to the end investor compared with doing a retail transaction on a site like Coinbase.

Tifin spins off AI platform designed to help firms grow

WEALTH MANAGEMENT FINTECH platform Tifin is spinning off Tifin AG, a platform driven by artificial intelligence that aims to help advisory firms grow, it announced last Tuesday. Tifin AG has modules that deal with client acquisition, expansion, and retention. The modules can undertake such tasks as prioritizing prospect lists, identifying referral opportunities, and looking at asset consolidation among a firm's existing clients.

At the same time, the firm announced that Tifin AG's board will include Tifin CEO Vinay Nair; Rajini Kodialam, co-founder emeritus of Focus Financial; and Brian Carlin, former CEO of J.P. Morgan Private Capital.

RIAs' tech wish list

RIAS USE FINTECH tools on a day-to-day basis. But with many options to choose from, it can be hard for advisors to narrow in on which tools they should be using to drive efficiency and organic growth.

"One frustration is like, I wish I had that. But then do you add another software that is separate just because it's better, or do you keep the OK one that is part of your existing tech stack? That's probably the biggest challenge that I face," says Rob Schultz, senior partner and wealth manager at NWF Advisory, an RIA affiliated with Osaic.

Investing

JPMorgan predicts $30 billion of private credit to change hands

INVESTORS SEEKING LIQUIDITY are set to exit their stakes in private credit funds at a record pace this year, according to JPMorgan Asset Management.

More than $30 billion of private credit is expected to change hands in the nascent secondary market this year, up from as little as $3 billion in 2019, said Andrew Carter, who oversees JPMorgan's credit secondaries strategy.

Insurance and pension firms, which have been rushing into the $1.6 trillion private credit market, are looking to offload some of their positions in illiquid funds to raise cash, fueling a boom in the little-followed secondary market.

Crypto fans mount #BoycottVanguard campaign

AMID THE EUPHORIA unleashed by the long-awaited debut of the first fully fledged bitcoin ETFs in the US, Vanguard sparked an uproar with its pointed decision to refuse to offer the new ETFs on its gigantic trading platform. #BoycottVanguard started trending on X, accumulating thousands of posts, with users pledging to pull their money from the asset management giant.

Vanguard's response? To double down. The firm, which controls $8.6 trillion, has not only snubbed spot bitcoin products; it's yanked futures-backed bitcoin funds from its platform, too. That means it now offers no crypto products whatsoever, unlike its peers.

FOCUS

Serve clients better by embracing change

OVER HIS 40-year career in financial services, Richard Saperstein has witnessed and adapted to seismic shifts – from typewriters to computers, from dial phones to iPhones. Now, as founder and chief investment officer of Treasury Partners, a New York City-based investment firm, he's seen an evolution in financial practices that has directly impacted client and business models.

"By embracing change, you open your eyes to a whole new knowledge base"

RICHARD SAPERSTEIN, TREASURY PARTNERS

"We had this major transformation in the tools of the trade that had to be embraced," he says. "The business went from transactional to advisory – where we restructured our practice towards financial planning, asset allocation, and advice surrounding portfolio management – ultimately providing a better outcome for clients."

A pivotal element in Saperstein's narrative is the integration of technology in money management. Saperstein describes the move from manual data generation to electronic data capture, highlighting its role in creating sophisticated analytics to evaluate performance, risk, and volatility.

"It now enables us to actually create portfolios and measure the historical volatility," he notes. "All that had a tremendous impact on what we were able to do for clients."

Saperstein's personal career trajectory mirrors the broader changes in the industry. His stints at various financial institutions, including EF Hutton, Janney Montgomery Scott, CIBC Oppenheimer, and Bear Stearns were punctuated by mergers, acquisitions, and crises.

"There was dramatic upheaval in the firms where I worked, for no fault of my own. Still, it's important to always embrace change and look at change as an opportunity to improve what we're

Bitcoin ETFs seeing slowing interest

INTEREST IN THE MUCH-ANTICIPATED spot bitcoin ETFs appears to be cooling, with last Wednesday marking the group's lowest single day of investor gross inflows since trading began on January 11.

The new funds received about $270 million in inflows last Wednesday, according to a report from JPMorgan Chase, but overall net outflows were about $153 million, marking the third consecutive day of net outflows for the funds. Outflows have come exclusively from Grayscale's fund, which converted from a trust following the SEC's approval of the investment vehicles.

JPMorgan called the group's flow performance "disappointing."

Advisors not done with alternatives despite bull run

BACK IN 2022, when both legs of the 60/40 portfolio were buckling, advisors were purchasing alternative assets for their clients as if there was no tomorrow. Tomorrow finally arrived in 2023, with the S&P 500 returning approximately 24 percent.

This new investing environment raises the question of whether advisors should start reducing their stakes in those illiquid alternatives that once provided a safe harbor.

But an iCapital survey last August found nearly 95 percent of advisors plan to maintain or increase their investments in the space, while approximately 60 percent expected alternatives to outperform the public markets this year.

RICHARD SAPERSTEIN

doing and how we're serving our clients," he says.

In 2009, Saperstein's Treasury Partners, which provides a variety of financial services for clients, including wealth management, portfolio management, financial planning, estate planning, and cash management for companies, became affiliated with Hightower Advisors, an independent registered investment advisor.

Saperstein's perspective on change extends beyond technology. He believes that change brings a diversity of experiences and knowledge, broadening one's skill set and understanding of the industry.

"By embracing change, you open your eyes to a whole new knowledge base," Saperstein says.

Despite his numerous achievements, including recognition on Barron's annual list of top financial advisors for 20 consecutive years, Saperstein remains focused on client outcomes rather than accolades.

"I'm focused on the results we're providing for our clients," he adds. "The important aspect of what sets us apart is the team approach we take. Not only in how we hire people, but our willingness to give our team members responsibility to act independently, make decisions, and have an impact.

"I want to hire younger people who'll look at things differently, be more innovative, be more creative. And they're going to have a positive impact on someone like me, that's been doing this for 40 years," he says.

Indian bonds likely to see $100 billion of foreign inflows: HSBC

INDIAN BONDS ARE likely to attract about $100 billion of foreign inflows in coming years, lured by the country's inclusion in global bond indexes, according to HSBC Asset Management.

While inclusion in global indexes may trigger inflows of up to $50 billion, a similar amount is expected from large institutional investors, sovereign wealth funds, and pension funds.

India has become a favorite of Wall Street investors attracted by one of the world's fastest rates of economic growth and as India positions itself as an alternative to China. Foreigners own just 2 percent of its government bonds, highlighting that global funds' holdings remain light.

ETFs, model portfolios among the hottest investment trends for 2024

THE UNCERTAINTY AND volatility that have kept many investors on the sidelines recently mean their cash holdings are elevated, but ETFs and model portfolios are likely to be among the products tempting them to put that cash back to work.

A 2024 outlook from Natixis Investment Managers cites model portfolios as one of the hottest investing trends for 2024. Its research shows that more than half of the wealth management firms that offer model portfolios plan to move more clients into model portfolios in 2024.

Another hot market is ETFs, which are expected to see continued strong demand this year.

Is the S&P 500 rally facing a risky tech bubble?

THE S&P 500 has staged an impressive rally so far this year, but venerated stocks-watcher Ed Yardeni is among those getting nervous about the market's move, which builds on last year's 24 percent rally.

The speed of the advance is worrying bulls like Yardeni, even as valuations and retail-investing activity suggest this rally has stronger foundations than previous bouts of euphoria.

"Our main concern right now is that the S&P 500 may be starting a tech-led meltup similar to what happened during the second half of the 1990s,"the founder of Yardeni Research wrote in a note.

Blackstone CEO says 'animal spirits' are returning to markets

BLACKSTONE CHIEF EXECUTIVE Steve Schwarzman said he expects the Federal Reserve to lower interest rates and sees "animal spirits" returning to the markets as more investors make that bet too.

The Fed's timing on rate declines won't be clear, creating a "baffling effect" among investors, he said. Nonetheless, "the expectation that interest rates are going down is creating animal spirits again," he said, referring to the role that emotions play in the financial markets.

Schwarzman said the pace of private equity investments is picking up at the world's biggest alternative asset manager.

China leads historic flows into emerging market stocks, BofA says

MONEY HAS FLOODED into beaten-down Chinese shares as authorities in Beijing ramped up stimulus measures to support the ailing stock market, according to Bank of America strategists. A total $11.9 billion was allocated to Chinese shares in the week ended last Wednesday, the second-highest weekly tally ever, accounting for almost all the record $12.1 billion of funds that rushed into emerging market equities.

Buying Chinese shares is now "the world's most enticing contrarian long 'trade,'" BofA's Michael Hartnett said in a note. Still, he warned that "no one believes it's an 'investment.'"

What's the $20 trillion climate theme that's outperforming other strategies?

ONE OF THE dullest themes in climate investing was one of its most profitable last year. While investments in wind and solar mostly resulted in losses, investors in companies tied to the electrical grids that distribute clean energy enjoyed double-digit returns.

The Nasdaq Clean Edge Smart Grid Infrastructure Index ended 2023 up more than 20 percent, led by companies such as Eaton and ABB, compared with the more than 20 percent decline in the S&P Global Clean Energy Index. UBS analysts describe the grid, along with assets tied to waste management, as clear "bright spots" for green investors.

Corporate bond rush tightens global credit spreads

CORPORATE BOND INVESTORS are snapping up new issues worldwide at the start of the year, locking in elevated yields ahead of potential interest-rate cuts by major central banks.

Yield premiums on notes in the Bloomberg Global Credit Corporate index, which includes investment-grade and junk notes, tightened one basis point Thursday to the lowest since late January 2022. Asia investment-grade spreads were hovering near a record low this week, according to a Bloomberg index.

"Spreads are in a range that's pretty attractive for investors," said Campe Goodman, a portfolio manager for Wellington Management.

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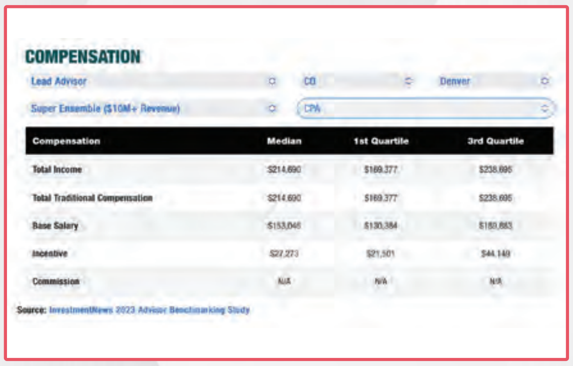

COMPENSATION

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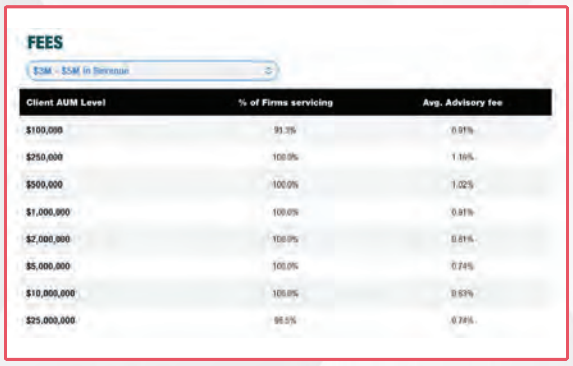
Compensation	Median	1st Quartile	3rd Quartile
Total Income	$214,690	$169,377	$238,695
Total Traditional Compensation	$214,690	$169,377	$238,695
Base Salary	$153,046	$130,384	$180,883
Incentive	$27,273	$21,501	$44,149
Commission	N/A	N/A	N/A

Source: InvestmentNews 2023 Advisor Benchmarking Study

Find out how firms your size are targeting clients and setting fee schedules.



FEES

$3M - $5M in Revenue

Client AUM Level	% of Firms servicing	Avg. Advisory fee
$100,000	91.3%	0.91%
$250,000	100.0%	1.16%
$500,000	100.0%	1.02%
$1,000,000	100.0%	0.91%
$2,000,000	100.0%	0.81%
$5,000,000	100.0%	0.74%
$10,000,000	100.0%	0.63%
$25,000,000	98.5%	0.74%

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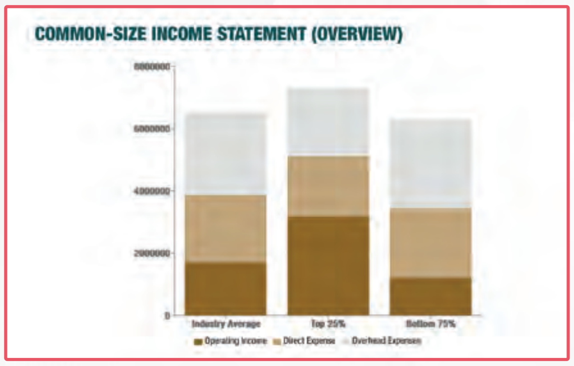

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- ✓ Why wage growth in advisory positions continued to lag amid the highest inflation in a generation
- ✓ What the future may hold for advisory firm profitability after years of blockbuster margins

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